

BEFORE THE
CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

IN THE MATTER OF THE:)
)
REGULAR BUSINESS MEETING)

DATE AND TIME: THURSDAY, FEBRUARY 25 1998
9:30 A.M.

PLACE: BOARD HEARING ROOM
8800 CAL CENTER DRIVE
SACRAMENTO, CALIFORNIA

REPORTER: BETH C. DRAIN, RPR, CSR
CERTIFICATE NO. 7152

BRS FILE NO.: 44049



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APPEARANCES

MR. DANIEL G. PENNINGTON, CHAIRMAN
MR. ROBERT C. FRAZEE, VICE CHAIRMAN
MR. WESLEY CHESBRO, MEMBER
MR. DAN EATON, MEMBER
MR. STEVEN R. JONES, MEMBER

STAFF PRESENT

MR. RALPH CHANDLER, CHIEF EXECUTIVE OFFICER
MR. KEITH SMITH, DEPUTY EXECUTIVE DIRECTOR
MS. KATHRYN TOBIAS, CHIEF LEGAL COUNSEL
MS. MARLENE KELLY, BOARD SECRETARY
MS. PATTI BERTRAM, ADMINISTRATIVE ASSISTANT



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Please note: These transcripts are not individually approved and reviewed for accuracy.

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1 SACRAMENTO, CALIFORNIA; WEDNESDAY, FEBRUARY 25, 1998

2 9:30 A.M.

3

4 CHAIRMAN PENNINGTON: GOOD MORNING AND WELCOME

5 TO THE FEBRUARY MEETING OF THE CALIFORNIA INTEGRATED

6 WASTE MANAGEMENT BOARD. WILL THE SECRETARY PLEASE

7 CALL THE ROLE.

8 THE SECRETARY: BOARD MEMBER CHESBRO

9 BOARD MEMBER CHESBRO: HERE

10 THE SECRETARY: EATON

11 BOARD MEMBER EATON: HERE.

12 THE SECRETARY: FRAZEE.

13 BOARD MEMBER FRAZEE: HERE

14 THE SECRETARY: JONES.

15 BOARD MEMBER JONES: HERE

16 THE SECRETARY: CHAIRMAN PENNINGTON.

17 CHAIRMAN PENNINGTON: HERE WE HAVE A QUORUM

18 PRESENT.

19 DO ANY BOARD MEMBERS HAVE ANY EX PARTES?

20 I'LL START WITH MR. CHESBRO

21 BOARD MEMBER CHESBRO: I HAVE THREE THAT

22 AREN'T ACTUALLY DIRECTLY RELATED TO AGENDA ITEMS TODAY.

23 I'LL SUBMIT THEM TO THE BOARD'S ASSISTANT TO HAVE THOSE

24 ENTERED INTO THE RECORD.

25 CHAIRMAN PENNINGTON: FINE. THANK YOU. MR.



1 FRAZEE.

2 BOARD MEMBER FRAZEE: NONE FOR ME.

3 CHAIRMAN PENNINGTON: MR. EATON.

4 BOARD MEMBER EATON: I HAVE FOUR THAT I'LL

5 SUBMIT, NONE THAT DIRECTLY RELATE TO THE AFFAIRS ON THE

6 AGENDA TODAY.

7 CHAIRMAN PENNINGTON: THANK YOU. AND MR.

8 JONES.

9 BOARD MEMBER JONES: ALL UP TO DATE.

10 Chairman PENNINGTON: I BELIEVE I'M ALL UP TO

11 DATE EXCEPT THAT I HAD A BRIEF CONVERSATION WITH MR.

12 LARSON ON AGENDA ITEM 17.

13 FOR ALL OF YOU IN THE AUDIENCE, THERE ARE

14 SPEAKER REQUEST FORMS ON THE TABLE AT THE BACK OF THE

15 ROOM. IF YOU WISH TO ADDRESS ANY PARTICULAR ITEM ON

16 THE AGENDA, PLEASE FILL IT OUT, GET IT TO MS. KELLY,

17 WHO WILL MAKE SURE THAT I GET IT AND YOU GET CALLED

18 ON. THANK YOU.

19 ON BEHALF OF MY FELLOW BOARD MEMBERS AND

20 THE EXECUTIVE TEAM AND THE BOARD STAFF, I WELCOME DAN

21 EATON TO THE BOARD. MR. EATON HAS SIGNIFICANT

22 EXPERIENCE IN BOTH THE LEGISLATIVE AND WASTE MANAGEMENT

23 ISSUES, AND WE LOOK FORWARD TO WORKING WITH HIM.

24 WELCOME ABOARD.

25 BOARD MEMBER EATON: I THANK YOU VERY, VERY



1 MUCH.

2 CHAIRMAN PENNINGTON: AND WE'LL MOVE TO ITEM

3 NO. --

4 BOARD MEMBER CHESBRO: I'D ALSO LIKE TO

5 WELCOME DANNY EATON AND SAY THAT IT'S A PLEASURE TO

6 HAVE YOU HERE.

7 I ALSO WOULD LIKE TO ACKNOWLEDGE THE

8 CONTRIBUTION OF BOARD MEMBER GOTCH, WHO WOUND UP

9 DEPARTING IN BETWEEN MEETINGS, AND SO WE WERE UNABLE TO

10 PROVIDE HER WITH THE FAREWELL ACCOLADES THAT WE WERE

11 ABLE TO PROVIDE MR. RELIS AT LAST MONTH'S BOARD

12 MEETING. I BELIEVE THERE WILL BE A RESOLUTION

13 CIRCULATING TO THE BOARD MEMBERS TO THANK HER FOR HER

14 CONTRIBUTION, AND I JUST WANTED TO ACKNOWLEDGE BOTH HER

15 WORK AS CHAIR OF THE LEGISLATION AND PUBLIC EDUCATION

16 COMMITTEE, HER EXTENSIVE WORK ON BOTH LEGISLATION, AND

17 ALSO HER GREAT INTEREST IN THE PUBLIC SCHOOLS AND THE

18 ROLE OF THE SCHOOL SYSTEM IN EDUCATING YOUNG PEOPLE

19 WITH REGARDS TO OUR MISSION OF WASTE REDUCTION.

20 AND SHE ACTUALLY, I THINK, SLIPPED AWAY

21 QUIETLY BECAUSE IT'S HER NATURE, DIDN'T WANT A BIG

22 SHOW. BUT I DID WANT TO MAKE SURE THAT AS A MATTER OF

23 PART OF THE RECORD THAT WE DID ACKNOWLEDGE HER

24 CONTRIBUTION.

25 I ALSO WANT TO POINT OUT, BEING A WHITE,



1 ANGLO SAXON MALE MYSELF, BUT THE FACT THAT THE
2 DIVERSITY OF THE BOARD HAS BEEN SIGNIFICANTLY REDUCED.
3 I'M NOT CASTING ASPERSIONS BECAUSE I CERTAINLY AM NOT
4 OF COLOR OR OF THE FEMALE PERSUASION, BUT I DO THINK
5 THAT THE BOARD NEEDS TO BE AWARE OF HOW WE LOOK AND
6 BE -- I THINK OUR PROGRAMS AND OUR ORIENTATION NEEDS TO
7 BE MORE SENSITIVE TO THE FACT THAT A MAJORITY OF
8 CALIFORNIANS WHO ARE EITHER FEMALE OR PEOPLE OF COLOR
9 DO NOT SEE ANYONE WITH THOSE CHARACTERISTICS SITTING UP
10 HERE, AND THAT GIVES US, I THINK, EVEN GREATER
11 RESPONSIBILITY IN OUR MESSAGE AND IN OUR PROGRAMS TO
12 MAKE SURE THAT WE ARE REACHING OUT TO AND RESPONSIVE TO
13 ISSUES AND CONCERNS THAT MAY BE OF SPECIAL INTEREST TO
14 WOMEN AND MINORITIES. SO...
15 CHAIRMAN PENNINGTON: THANK YOU, MR. CHESBRO.
16 YES, YOU ARE CORRECT, THAT MRS. GOTCH DID SORT OF, YOU
17 KNOW, SLIDE OUT IN THE MIDDLE OF THE NIGHT. I HAD
18 ASKED HER TO COME BACK AND FOR US TO GIVE HER A
19 RESOLUTION THAT SHE SO DESERVINGLY NEEDS, SHOULD HAVE,
20 BUT SHE DID SAY THAT SHE DIDN'T LIKE GOODBYES AND THAT
21 SHE WOULD NOT PREFER TO DO THAT. SO WE WILL GET IT
22 SIGNED, AND MAYBE WE'LL ALL SHOW UP AT HER HOUSE AND
23 GIVE IT TO HER.
24 BEFORE I ASK MY COLLEAGUES TO GIVE THEIR
25 MONTHLY REPORT, I WANT TO ANNOUNCE THAT THE



1 ADMINISTRATION COMMITTEE WILL TAKE UP THE ISSUE OF
2 COMMITTEE ASSIGNMENTS AT ITS NEXT MEETING. MR. EATON
3 HAS NOT BEEN ASSIGNED TO A COMMITTEE YET, AND THAT
4 NEEDS TO BE DONE. WE STILL HAVE THE VACANCY OF MR.
5 RELIS' PARTICIPATION, BUT WE WANT TO GET ON WITH AT
6 LEAST GETTING THAT ASSIGNMENT DONE. WE WILL TAKE THAT
7 UP AT THE ADMINISTRATION COMMITTEE. I BELIEVE IT'S
8 NEXT WEEK.
9 OKAY. WE'LL START WITH THE LEGISLATION
10 AND PUBLIC EDUCATION COMMITTEE. MRS. GOTCH IS NOT HERE
11 AND THEY DID NOT MEET IN FEBRUARY. 50 WE'LL MOVE TO
12 LOCAL ASSISTANCE AND PLANNING WITH MR. CHESBRO CHAIR.
13 BOARD MEMBER CHESBRO: MR. CHAIRMAN, BOARD
14 MEMBERS, THE COMMITTEE CONSIDERED TEN PLANNING
15 DOCUMENTS AND TWO PETITIONS FOR REDUCED PLANNING
16 REQUIREMENTS AND ONE REGIONAL AGENCY, WHICH ARE ALL ON
17 THE CONSENT CALENDAR TODAY.
18 THE COMMITTEE ALSO CONSIDERED THE SCORING
19 CRITERIA AND EVALUATION PROCESS FOR THE 1998-99 USED
20 OIL NONPROFIT GRANTS, AND THIS WAS PLACED ON CONSENT AS
21 WELL.
22 STAFF PREPARED -- AS FAR AS UPDATES,
23 STAFF PREPARED THE JANUARY 1998 ISSUE OF INFOCYCLING,
24 AND IT'S BEEN DISTRIBUTED TO LOCAL GOVERNMENT
25 REPRESENTATIVES AND INTERESTED PARTIES, BUT IN ADDITION



1 A SPECIAL FEBRUARY EDITION OF INFOCYCLING WAS SENT TO
2 ALL LOCAL JURISDICTIONS INFORMING THEM OF THE BOARD'S
3 ACTIONS AT THE JANUARY 29TH HEARING WITH REGARDS TO
4 PENALTIES. AND THAT WAS ONE OF THE THINGS THAT WE
5 DISCUSSED, YOU MAY RECALL, WAS THE IMPORTANCE OF
6 GETTING THAT MESSAGE OUT. SO IT WAS DELIVERED WITH A
7 FRONT PAGE ARTICLE DESCRIBING THE BOARD'S ACTIONS LAST
8 MONTH.
9 THE STATEWIDE HOUSEHOLD HAZARDOUS WASTE
10 CONFERENCE WILL BE HELD AT ASILOMAR IN MONTEREY MARCH
11 3D THROUGH 6TH. STAFF IS WORKING ON SEVERAL SESSIONS
12 FOR THE CONFERENCE INCLUDING ALTERNATE FUNDING SOURCES
13 FOR HOUSEHOLD HAZARDOUS WASTE PROGRAMS, LATEX PAINT
14 RECYCLING ISSUES, USED OIL FILTER COLLECTION, AND OTHER
15 IMPORTANT ISSUES.
16 FINALLY, I'D LIKE TO ACKNOWLEDGE, AND I
17 MAY BE TAKING SOMETHING OUT OF RALPH'S REPORT, I DON'T
18 KNOW, BUT STAFF POINTED OUT, AND I NOTICED WHEN I GOT
19 MY NEW PHONE BOOK, I HOPE ALL OF YOU HAVE, THAT WE HAD
20 A SIGNIFICANT UTILIZATION OF THE BOARD'S WRAP AWARDS
21 PROGRAM ON THE PHONE BOOKS. ALL THE NEW PHONE BOOKS
22 THAT HAVE COME OUT IN THE SACRAMENTO AREA, AND IT'S
23 SOON TO BE FOLLOWED STATEWIDE, HAVE THE BOARD'S WASTE
24 REDUCTION AWARDS PROGRAM LOGO ON THE OUTSIDE COVER,
25 WHICH I THINK, FROM A PUBLIC EDUCATION STANDPOINT AND A



1 RECOGNITION BY ONE OF CALIFORNIA'S LEADING CORPORATIONS
2 THE SIGNIFICANCE OF OUR MESSAGE. IT'S QUITE AN
3 ACHIEVEMENT. AND SO CONGRATULATIONS TO THE STAFF WHO
4 WORK ON THE WRAP PROGRAM, TO PACIFIC BELL, AND TO THE
5 BOARD FOR, I THINK, A LARGE STEP FORWARD IN TERMS OF
6 PUBLIC EDUCATION ABOUT WASTE REDUCTION. THAT CONCLUDES
7 MY REPORT.

8 CHAIRMAN PENNINGTON: THANK YOU, MR. CHESBRO.

9 NOW WE HAVE PERMITTING AND ENFORCEMENT FROM MR.
10 FRAZEE.

11 BOARD MEMBER FRAZEE: THANK YOU, MR.

12 CHAIRMAN. THE PERMITTING AND ENFORCEMENT COMMITTEE MET
13 ON FEBRUARY 19TH AND HAD FOR THE FIRST TIME A RATHER
14 SHORT AGENDA. THE FIRST ITEM WAS THE CONSIDERATION OF
15 AN AMENDMENT TO POLICIES FOR THE PROPOSED WASTE TIRE
16 REMEDIATION AND STABILIZATION CONTRACT. THAT ITEM IS
17 ON TODAY'S REGULAR CALENDAR, AND THE COMMITTEE DID
18 OFFER SOME SUGGESTIONS, AND THOSE ARE INCLUDED IN THE
19 REVISED ITEM THAT WAS PLACED ON YOUR DESK THIS MORNING.
20 THEN THERE WAS A CONSIDERATION OF
21 APPROVAL TO BEGIN A 45-DAY PUBLIC COMMENT PERIOD FOR
22 THE AB 2136 PROGRAM. THAT ITEM WILL -- NO ACTION WAS
23 TAKEN, AND THAT ITEM WILL COME BACK IN MARCH FOR
24 FURTHER DISCUSSION.
25 AND THEN FINALLY, WE HEARD A PRESENTATION



1 ON THE WASTE TIRE ENFORCEMENT ACTIONS TAKEN DURING THE
2 1997 CALENDAR YEAR, AND WE FOUND THAT SO INTERESTING WE
3 SUGGESTED THAT THAT PRESENTATION BE MADE TO THE FULL
4 BOARD TODAY. AND THAT COMPLETES MY REPORT.
S CHAIRMAN PENNINGTON: OKAY. THANK YOU, MR.
6 FRAZEE. POLICY, RESEARCH AND TECHNICAL ASSISTANCE
7 COMMITTEE CHAIRED BY MR. JONES.
8 BOARD MEMBER JONES: THANKS, MR. CHAIRMAN.
9 THERE WAS NOT A POLICY COMMITTEE MEETING THIS MONTH.
10 THERE JUST PROBABLY DIDN'T NEED TO BE ANY MORE POLICY AROUND
HERE. I DON'T KNOW. BUT WE DID -- GOOD NEWS IS
12 WE'RE GOING TO HAVE ONE NEXT MONTH.
13 BUT I WOULD LIKE TO TAKE JUST A COUPLE
14 SECONDS AND WELCOME DANNY EATON TOO. I THINK THAT DAN
15 EATON HAS WORKED ON A VARIETY OF SOLID WASTE ISSUES AND
16 I THINK BRINGS SOME REAL VALUE TO THIS BOARD.
17 AND I THINK THAT, YOU KNOW, WHILE IT'S
18 TRUE EVERYBODY SITTING UP HERE IS WEARING A SUIT, IF
19 YOU LOOK AT THE PEOPLE THAT REALLY RUN THIS PLACE, I
20 THINK MOST OF OUR DEPUTY DIRECTORS ARE ALL -- I THINK
21 WE'RE PRETTY COLOR BLIND AND GENDER BLIND WHEN IT COMES
22 TO WHO RUNS THIS PLACE. AND IT SEEMS TO BE QUITE A FEW
23 WOMEN. I JUST WANTED TO GET THAT ON THE RECORD BECAUSE
24 I THINK WE DO A PRETTY GOOD JOB OF MAKING SURE THAT
25 THIS IS A NEUTRAL ISSUE.



1 BOARD MEMBER CHESBRO: I WASN'T TRYING TO PUT
2 ANYONE ON THE DEFENSIVE, STEVE. I WAS JUST TRYING TO
3 POINT OUT OUR RESPONSIBILITY
4 BOARD MEMBER JONES: I DIDN'T WANT DAN TO FEEL
5 BAD THAT HE WASN'T A WOMAN OR OF COLOR.
6 BOARD MEMBER EATON: ARE WE HAVING CROSS
7 DRESSING DAYS TOO?
8 BOARD MEMBER CHESBRO: IF IT CAME OFF THAT
9 WAY, THAT WAS NOT THE MESSAGE I INTENDED TO MAKE.
10 CHAIRMAN PENNINGTON: THANK YOU, MR. JONES.
11 MARKET DEVELOPMENT COMMITTEE, CHAIRED BY MR. RELIS, DID
12 NOT MEET IN FEBRUARY; AND THE ADMINISTRATION COMMITTEE,
13 WHICH IS CHAIRED BY ME, ACTUALLY MET BEFORE THE
14 FEBRUARY 11TH BOARD MEETING, AND WE REPORTED OUR
15 ACTIVITIES AT THE FEBRUARY 11TH BOARD MEETING AND, IN
16 FACT, TOOK UP A DISCUSSION OF THAT ITEM AT THAT BOARD
17 MEETING.
18 SO WE'LL NOW MOVE TO ITEM NO. 2, REPORT
18 FROM THE EXECUTIVE DIRECTOR.
20 MR. CHANDLER: THANK YOU, MR. CHAIRMAN, AND
21 GOOD MORNING, MEMBERS. I HAVE FOUR BRIEF ITEMS I'D
22 LIKE TO REVIEW WITH YOU THIS MORNING. THE FIRST IS THE
23 DEPARTMENT OF FINANCE IS CURRENTLY REVIEWING THE
24 FINANCE LETTER THAT YOU WERE BRIEFED ON TWO WEEKS AGO.
25 IF APPROVED, AS YOU RECALL, IT WILL RAISE OUR



1 EXPENDITURE AUTHORITY IN THE INTEGRATED WASTE
2 MANAGEMENT ACCOUNT TO UTILIZE INCREASING REVENUES TO
3 FUND AN INCREASE OF \$1 MILLION IN OUR HOUSEHOLD
4 HAZARDOUS WASTE GRANT PROGRAM, AN ADDITIONAL 400,000 TO
5 FUND INCENTIVES TO INCREASE PARTICIPATION IN OUR
6 RECYCLING MARKET DEVELOPMENT ZONE LOAN PROGRAM AS
7 DIRECTED BY THE BOARD THROUGH RESOLUTION 98-07, AND A
8 ONE-TIME INCREASE TO FUND STATEWIDE WASTE
9 CHARACTERIZATION STUDIES. I'LL KEEP YOU APPRISED OF
10 PROGRESS AS WE CONTINUE TO DISCUSS WITH FINANCE
11 QUESTIONS THEY HAVE ABOUT THE LETTER ITSELF.
12 AS MR. FRAZEE JUST MENTIONED, ONE OF THE
13 BOARD'S MAJOR ACCOMPLISHMENTS HAS BEEN THE TIRE
14 ENFORCEMENT PROGRAM WHICH WORKS WITHIN THE LEGAL SYSTEM
15 TO COMPEL LAND OWNERS OR RESPONSIBLE PARTIES TO CLEAN
16 UP WASTE TIRE PILES AT NO COST TO TAXPAYERS.
17 KEITH CAMBRIDGE AND BRAD WILLIAMS OF THE
18 TIRE PROGRAM, ALONG WITH SUZANNE SMALL OF THE LEGAL
19 OFFICE, HAVE TAKEN A LEAD IN THIS EFFORT, AND THEIR
20 SUCCESSES WERE OUTLINED BEFORE THE PERMITTING AND
21 ENFORCEMENT COMMITTEE THIS MONTH.
22 AS MR. FRAZEE INDICATED, THIS PROGRAM HAS
23 RESULTED IN OVER THREE MILLION TIRES BEING CLEANED UP,
24 AND I HAD HOPED TO HAVE THAT PRESENTATION BROUGHT
25 FORWARD FOR THE FULL BOARD TODAY; HOWEVER, MR.



1 CAMBRIDGE AND MR. WILLIAMS ARE NOT HERE TODAY. AND SO
2 I APOLOGIZE FOR THE CONFUSION ON THAT FRONT, BUT I
3 WOULD AND STILL BELIEVE THAT THE BOARD MEMBERS WOULD
4 ENJOY HEARING THIS PRESENTATION. AND I'VE ASKED KEITH
5 AND BRAD AND SUZANNE TO COME BEFORE YOU AT A FUTURE
6 MEETING. WE'LL PROBABLY CALENDAR THAT FOR MARCH.
7 THIRDLY, I JUST WISH TO SAY THAT WE WILL
8 BE PROVIDING AN UPDATE ON OUR PRIORITY ACTION TEAMS
9 STEMMING FROM THE STRATEGIC PLAN. AS YOU RECALL, THE
10 FIRST TWO PRIORITY TEAMS DEALING WITH LOCAL GOVERNMENT
11 ASSISTANCE AND CONSTRUCTION AND DEMOLITION ARE NEARING
12 COMPLETION. AND AS I SAID, I'VE ASKED THE TEAMS THAT
13 WE PROVIDE A DETAILED SUMMARY TO THE BOARD ON THE
14 SECOND DAY OF YOUR MARCH BOARD MEETING HERE IN
15 SACRAMENTO. THE SECOND TWO TEAMS WORKING ON, AS YOU
16 RECALL, INCREASED RECYCLING IN ORGANICS AND IMPROVED
17 FACILITY COMPLIANCE ARE MAKING GOOD PROGRESS AND WILL
18 BE REPORTING TO YOU WHEN THEY HAVE COMPLETED THEIR
19 WORK.
20 AND LASTLY, AND I PROBABLY SHOULD FIND
21 JOHN FRITH IN THE AUDIENCE AND ASK IF YOU WANT TO COVER
22 SOME OF THESE POINTS, BUT I'M REALLY PLEASED TO
23 ANNOUNCE THAT THE BOARD'S PUBLIC INFORMATION EFFORTS
24 WERE RECOGNIZED THIS MONTH BY THE STATE INFORMATION
25 OFFICER'S COUNCIL, WHICH PRESENTED THIS ORGANIZATION



1 WITH FOUR FIRST PLACE AWARDS AND ONE SECOND PLACE AWARD
2 FOR A VARIETY OF OUR PUBLIC AWARENESS EFFORTS. THIS
3 RECOGNITION EXTENDS TO THE ENTIRE BOARD BECAUSE FAR
4 MORE THAN PUBLIC AFFAIRS OFFICE EARNED THESE HONORS.
5 KNOW JOHN WOULD BE THE FIRST TO ACKNOWLEDGE THAT.
6 LET ME COVER THE AWARDS VERY BRIEFLY.
7 THE FIRST PLACE AWARD WAS FOR THE BEST ANNUAL REPORT,
8 AND SENIOR GRAPHIC ARTIST THOMAS GONZALES WAS CITED FOR
9 THE BOARD'S 1996 ANNUAL REPORT.
10 SECOND AREA AND AGAIN RECEI- --
11 (APPLAUSE.)
12 MR. CHANDLER: SECOND AREA, AND AGAIN WE'RE
13 SEEING THE FIRST PLACE AWARD FOR BEST SPECIAL EFFECTS,
14 AND THOMAS AGAIN WAS CITED FOR A RACE CAR FOLDER THAT
15 HE PREPARED FOR THE USED OIL PROGRAM.
16 (APPLAUSE.)
17 BOARD MEMBER JONES: SOMEBODY NEEDS TO TAKE A
18 PICTURE OF HIM. HE'S ALWAYS TAKING PICTURES OF US.
19 MR. CHANDLER: THIRD CATEGORY WAS LABELED
20 "BEST BANG FOR YOUR BUCK" AND THIS CATEGORY COVERS
21 PUBLIC AWARENESS CAMPAIGNS DONE ON TIGHT BUDGETS, AND
22 THE BOARD WON FOR ITS GRASSCYCLING EDUCATION CAMPAIGN
23 LAST SUMMER. THE CAMPAIGN WAS CONCEIVED BY ERIC
24 LAMOUREUX OF THE PUBLIC AFFAIRS OFFICE AND TREVOR
25 O'SHAWNESSEY --



1 (APPLAUSE.)

2 MR. CHANDLER: -- OF THE MARKETS DIVISION, AND

3 IT RESULTED IN MORE THAN A DOZEN T.V. APPEARANCES UP

4 AND DOWN THE STATE. SPECIAL RECOGNITION ALSO GOES TO

5 BOARD MEMBER CHESBRO AND BOARD MEMBER FRAZEE WHO

6 PARTICIPATED IN SEVERAL OF THE T.V. SPOTS.

7 WHAT I'M PARTICULARLY PROUD OF IS OUR

8 FIRST PLACE AWARD IN BEST USE OF THE INTERNET. PAIGE

9 LETTINGTON OF THE PUBLIC AFFAIRS ACCEPTED THIS AWARD --

10 (APPLAUSE.)

11 MR. CHANDLER: -- ON BEHALF OF THE BOARD

12 BECAUSE IT CLEARLY WAS EARNED BY EVERYONE WHO HAS

13 CONTRIBUTED INFORMATION TO THE SITE, BUILT THE

14 TECHNICAL FOUNDATION, DEVELOPED THE SOFTWARE, COMPLETED

15 THE DESIGN WORK, AND ENCOURAGED THEIR STAFFS THAT THIS

16 NEW MEDIUM IS THE WAVE OF THE FUTURE.

17 THE BOARD ALSO EARNED A SECOND PLACE

18 AWARD FOR THE BEST NEWS RELEASE FOR OUR RELEASE

19 ANNOUNCING THE OXFORD TIRE PILE CLEANUP. THESE AWARDS

20 ARE JUST ANOTHER INDICATION OF HOW THIS ORGANIZATION IS

21 MOVING TOWARDS ITS VISION OF BEING RECOGNIZED AS

22 NATIONAL AND INTERNATIONAL EXPERTS IN THE SOLID WASTE

23 MANAGEMENT ARENA. AND AGAIN, I'M VERY PROUD OF ALL THE

24 EFFORTS FOR THESE OUTSTANDING ACHIEVEMENTS. AND,

25 MEMBERS, THAT CONCLUDES MY REPORT FOR TODAY.



1 CHAIRMAN PENNINGTON: THANK YOU. THANK YOU,
2 MR. CHANDLER. I MIGHT ADD, THAT IF YOU HAVEN'T SEEN
3 THE FOLDER WITH THE RACE CAR ON IT, IT'S VERY
4 IMPRESSIVE. AND I'M SURE THAT WE'VE GOT THEM AROUND
5 FOR YOU TO SEE. I'VE GOT A COUPLE IN MY OFFICE IF
6 SOMEBODY WANTS TO SEE IT.
7 OKAY. WE'LL MOVE TO THE CONSENT
8 CALENDAR. THE CONSENT CALENDAR INCLUDES ITEMS 4
9 THROUGH 16. IS THERE ANY MEMBER TO WISHES TO PULL AN
10 ITEM OFF THE CONSENT CALENDAR?
11 BOARD MEMBER FRAZEE: IF NOT, I'LL MOVE
12 ADOPTION OF THE CONSENT CALENDAR, MR. CHAIRMAN.
13 BOARD MEMBER JONES: SECOND.
14 CHAIRMAN PENNINGTON: IT'S BEEN MOVED AND
15 SECONDED. IF THERE'S NO FURTHER DISCUSSION, WILL THE
16 SECRETARY CALL THE ROLL, PLEASE.
17 THE SECRETARY: BOARD MEMBER CHESBRO.
18 BOARD MEMBER CHESBRO: AYE.
19 THE SECRETARY: EATON.
20 BOARD MEMBER EATON: AYE.
21 THE SECRETARY: FRAZEE.
22 BOARD MEMBER FRAZEE: AYE.
23 THE SECRETARY: JONES.
24 BOARD MEMBER JONES: AYE.
25 THE SECRETARY: CHAIRMAN PENNINGTON.



1 CHAIRMAN PENNINGTON: AYE. CONSENT CALENDAR
2 CARRIES
3 ITEM 17, CONSIDERATION OF AMENDMENTS TO
4 POLICIES IN THE PROPOSED WASTE TIRE REMEDIATION AND
5 STABILIZATION CONTRACT AND REALLOCATION OF 1997-98
6 FUNDING UNDER THE WASTE TIRE STABILIZATION AND
7 ABATEMENT PROGRAM. DOROTHY RICE
8 MS. RICE: THANK YOU, MR. CHAIRMAN AND BOARD MEMBERS. BOB
9 FUJII OF STAFF WILL MAKE THE
10 PRESENTATION.
11 MR.FUJII: MORNING, MEMBERS OF THE BOARD.
12 I'LL BE PRESENTING ITEM NO. 13, CONSIDERATION OF
13 AMENDMENTS TO POLICIES IN THE PROPOSED WASTE TIRE
14 REMEDIATION AND STABILIZATION CONTRACT AND THE
15 REALLOCATION OF THE 1997-98 FUNDING UNDER THE WASTE
16 TIRE STABILIZATION AND ABATEMENT PROGRAM.
17 YOU HAVE THE REVISED ITEM BEFORE YOU.
18 AND JUST FOR THE MEMBERS OF THE AUDIENCE, THERE'S ALSO SOME 19
COPIES IN THE BACK OF THE ROOM.
20 THE ITEM IS BASICALLY DIVIDED INTO TWO
21 PARTS. IN THE FIRST PART WE ARE ASKING THE BOARD TO
22 REALLOCATE 1997-98 TIRE FUNDS TO THE EXISTING 1996-97
23 WASTE TIRE STABILIZATION AND ABATEMENT CONTRACT. IN
24 THE SECOND PART WE WILL BE ASKING THE BOARD TO REVISIT
25 THE BOARD ADOPTED END-USE POLICY IN OUR CURRENT AND



1 PROPOSED WASTE TIRE STABILIZATION AND ABATEMENT
2 CONTRACT.
3 FIRST, I'D LIKE TO PROVIDE YOU WITH A
4 BRIEF OVERVIEW OF THE CONTRACTS THAT HAVE BEEN APPROVED
5 BY THE BOARD AND THE PENDING CONTRACTS SINCE THE
6 INCEPTION OF THE WASTE TIRE STABILIZATION AND ABATEMENT
7 PROGRAM.
8 IN FISCAL YEAR 1994-95, A CONTRACT IN THE
9 AMOUNT OF \$800,000 WAS AWARDED TO SUKUT CONSTRUCTION,
10 INC. WORK ON THIS CONTRACT CONCLUDED WHEN THE CONTRACT
11 EXPIRED ON JUNE 30, 1997.
12 NO 1995-96 CONTRACT WAS IMPLEMENTED. THE
13 ALLOCATION FOR THIS CONTRACT WAS INCLUDED IN THE
14 1996-97 CONTRACT.
15 IN FISCAL YEAR '96-'97, A CONTRACT IN THE
16 AMOUNT NOT TO EXCEED \$2,250,000, BUT ONLY FUNDED FOR
17 \$1,599,251 WAS AWARDED TO SUKUT AND IS VALID UNTIL JUNE
18 30, 1999.
19 THE 1997-98 CONTRACT HAS NOT YET BEEN
20 AWARDED, BUT IT HAS BEEN SENT OUT TO BID. AND THE
21 BOARD HAS ALLOCATED \$2,500,000 FOR THIS CONTRACT.
22 OKAY. NOW, WITH THAT BACKGROUND, I'D
23 LIKE TO PRESENT TO YOU SOME OF THE PROPOSED CHANGES
24 WE'D LIKE THE BOARD TO CONSIDER.
25 THE TABLE THAT YOU HAVE IN FRONT OF YOU,



1 I BELIEVE MOST OF YOU HAVE IT, MAYBE MAKE IT A LITTLE
2 EASIER TO FOLLOW THE NUMBERS ON THIS. THE CURRENT
3 1996-1997 WASTE TIRE STABILIZATION AND ABATEMENT
4 CONTRACT THAT WAS AWARDED TO SUKUT AND IS CURRENTLY
5 BEING EXPENDED AND WILL TERMINATE ON JUNE 30, 1999.
6 THE TOTAL AMOUNT OF THE CONTRACT IS FOR \$2,250,000, BUT
7 IS CURRENTLY FUNDED AT \$1,599,251, AS I MENTIONED
8 PREVIOUSLY.
9 EVERYONE NOT HAVE THAT TABLE?
10 CONTINUING, STAFF IS PROPOSING TO FULLY
11 FUND THIS CONTRACT BY BRINGING THE FUNDING FOR THE
12 CONTRACT UP TO THE TOTAL \$2,250,000 BY ADDING \$650,000.
13 IN ADDITION, WE PROPOSE THAT THIS CONTRACT BE AUGMENTED
14 BY THE ALLOWABLE 30 PERCENT, BRINGING THE TOTAL
15 ADDITIONAL CONTRACT FUNDS TO \$1,325,000, AND THE TOTAL
16 AMOUNT OF THE WASTE TIRE STABILIZATION AND ABATEMENT
17 CONTRACT TO \$2,924,251.
18 WE WOULD ALSO LIKE TO PROPOSE THAT THIS
19 \$1,325,000 INCREASE BE TAKEN OUT OF THE \$2,500,000
20 ALLOCATED FOR THE STABILIZATION AND REMEDIATION FOR
21 FISCAL YEAR '97-'98. 500,000, AS YOU ALREADY KNOW, HAS
22 ALREADY BEEN TAKEN OUT AND ALLOCATED TO THE BRACKETT
23 SETTLEMENT AGREEMENT, WHICH IS A CLEANUP THAT'S ONGOING
24 RIGHT NOW IN SAN LUIS OBISPO COUNTY. THIS WOULD LEAVE
25 A BALANCE OF 675,000 TO BE ENCUMBERED BY THE PROPOSED



1 '97-'98 RFQ. WE PROPOSE THAT THE 1997-98 RFQ BE FOR AN
2 AMOUNT NOT TO EXCEED \$2,500,000 TO ALLOW ADDITIONAL
3 FUNDS TO BE PLACED INTO THIS CONTRACT FROM ANY UNSPENT
4 1996-97 FUNDS OR ALSO FOR FUNDS WHICH MAY BE ALLOCATED
5 TO THIS PROGRAM FROM THE 1998-99 TIRE FUND ALLOCATION.
6 THIS WOULD PROVIDE SOME FLEXIBILITY IN
7 THE WAY THAT THE BOARD COULD ALLOCATE THESE FUNDS,
8 INCLUDING THE OPTION TO AWARD A CONTRACT FOR FISCAL
9 YEAR 1998-99 OR SIMPLY AUGMENT THE PROPOSED 1997-98
10 WASTE TIRE STABILIZATION AND ABATEMENT CONTRACT.
11 OKAY. THAT'S THE FIRST PART OF THE
12 ITEM. NEXT I'D LIKE TO PRESENT SOME PROPOSED CHANGES
13 TO THE BOARD ADOPTED END-USE POLICY IN OUR CURRENT AND
14 PROPOSED CONTRACTS.
15 IN 1996 THE BOARD ADOPTED THE END-USE
16 POLICY IN AN EFFORT TO CREATE AN INCENTIVE TO SEND
17 REMEDIATION TIRES TO REUSE/TRANSFORMATION FACILITIES
18 RATHER THAN DISPOSAL AT A LANDFILL. ALTHOUGH PROVIDING
19 A 30-PERCENT INCENTIVE DOES ENCOURAGE THE BOARD'S
20 CONTRACTOR, WHICH IS CURRENTLY SUKUT CONSTRUCTION, TO
21 FIND END USES IN REMEDIATING WASTE TIRE, SUKUT ALONG
22 WITH BOARD STAFF IS EXPERIENCING DIFFICULTY
23 IMPLEMENTING THIS POLICY IN THE CURRENT CONTRACT.
24 I WILL TRY TO BRIEFLY DESCRIBE SOME OF
25 THE PROBLEMS WE HAVE ENCOUNTERED TO DATE. ON THE



1 SMALLER WASTE TIRE SITE CLEANUPS, THE 30-PERCENT
2 INCENTIVE IS RARELY A FACTOR BECAUSE SUBCONTRACTORS
3 WILL ALMOST ALWAYS SUBMIT END-USE ALTERNATIVES WITH NO
4 LANDFILL OPTION. HOWEVER, ON THE LARGER CLEANUPS, THE
5 SUBCONTRACTORS WILL TYPICALLY SUBMIT BOTH END-USE AND
6 LANDFILL ALTERNATIVES, BUT ALSO OPTIONS THAT
7 INCORPORATE A COMBINATION OF THE TWO.
8 FOR EXAMPLE, THE SUBCONTRACTOR MAY SUBMIT
9 A BID THAT WILL LANDFILL 50 PERCENT OF THE TIRES WITH
10 THE REMAINING 50 PERCENT BEING SENT TO AN END USE. THE
11 CONFUSION IS HOW THE 30-PERCENT INCENTIVE APPLIES TO
12 THE PORTION OF THE OPTION THAT DEALS WITH END USE. SO
13 THAT ONE PROBLEM.
14 ANOTHER PROBLEM INVOLVES A SITUATION
15 WHERE BIDDERS ARE OFTEN NOT ABLE TO IDENTIFY THE VOLUME
16 OF TIRES FROM THE REMEDIATION THAT ARE SUITABLE FOR END
17 USE. IN MANY CASES REMEDIATION TIRES ARE DEEMED
18 UNSUITABLE FOR END USE DUE TO THEIR AGE, CONDITION; IN
19 OTHER WORDS, THEY'RE FULL OF SOIL, THEY'RE TOO LARGE TO
20 BE HANDLED OR PROCESSED. SO IT'S CONCEIVABLE THAT A
21 SUBCONTRACT COULD BE AWARDED BASED ON AN END USE AND
22 AFTER THE REMEDIATION BEGINS FIND OUT THAT 100 PERCENT
23 OF THE TIRES ARE NOT SUITABLE FOR END USE. AND SINCE
24 THE COST PER TON OF THE WASTE TIRES WOULD INCORPORATE
25 THE MORE EXPENSIVE LAND USE OPTION, THE BOARD COULD END



1 UP PAYING A HIGHER FEE FOR TIRES THAT MAY NEED TO BE
2 ULTIMATELY LANDFILLED.
3 ALSO, A SUBCONTRACTOR MAY HAVE BEEN
4 AWARDED A JOB BASED ON AN END-USE OPTION AND THEN
5 ULTIMATELY NEED TO LANDFILL THE TIRES. THIS IS UNFAIR
6 TO THE OTHER SUBCONTRACTORS WHO MAY HAVE PROPOSED
7 LANDFILL OPTIONS.
8 AND THEN ANOTHER PROBLEM I'D LIKE TO
9 DISCUSS IS TRACKING THE QUANTITY OF TIRES THAT ARE
10 ACTUALLY SENT TO AN END USE CAN BE DIFFICULT FOR OUR
11 CONTRACTOR AND US. FOR EXAMPLE, AN END-USE FACILITY
12 MAY BE IDENTIFIED BY THE BIDDER TO ACCEPT WASTE TIRES
13 FROM A REMEDIATION SITE. HOWEVER, WHEN THE REMEDIATION
14 IS COMPLETED, THE BIDDER HAULS THE REMEDIATION TIRES
15 THAT HAVE BEEN REMOVED FROM THE SITE BACK TO THEIR
16 FACILITY. THEN ONCE AT THE FACILITY, THE BIDDER COULD
17 SUBSTITUTE THOSE TIRES FOR MORE SUITABLE TIRES AND THEN
18 SEND THOSE TIRES TO A LANDFILL AND DO THE BAIT AND
19 SWITCH, SO TO SPEAK. AGAIN, THE BOARD COULD END UP
20 PAYING A HIGHER FEE, EXERCISING THE 30-PERCENT
21 INCENTIVE OPTION, FOR TIRES THAT MAY NEED TO BE
22 ULTIMATELY LANDFILLED.
23 THOSE ARE SOME OF THE PROBLEMS THAT WE
24 TYPICALLY ENCOUNTER TRYING TO IMPLEMENT THE CURRENT
25 30-PERCENT POLICY



1 AND THEN ANOTHER PART OF THE POLICY THAT
2 HAS BEEN DIFFICULT, IF NOT IMPOSSIBLE, FOR US TO
3 IMPLEMENT IS THE PART THAT REQUIRES THAT REMEDIATION
4 TIRES THAT ARE SENT TO AN END USE NOT DISPLACE AN
5 EXISTING SOURCE OF TIRES ALREADY SERVING THAT END USE.
6 IT'S DIFFICULT TO VERIFY THE DISPLACEMENT OF AN
7 EXISTING FLOW OF TIRES TO AN END USE WITHOUT DOING AN
8 EXTENSIVE AUDIT OF THE END USER RECORDS. THIS POLICY
9 COULD ALSO BE INTERPRETED TO REQUIRE REMEDIATION TIRES
10 BE SENT TO ONLY NEW END-USE FACILITIES RATHER THAN
11 EXISTING USE FACILITIES, AS ANY END-USE FACILITY MUST
12 CURRENTLY INVENTORY TAKING TIRES WHICH COULD BE
13 DISPLACED BY THOSE REMEDIATION TIRES
14 SO IN AN EFFORT TO MAKE THE POLICY A
15 LITTLE MORE WORKABLE, STAFF WOULD RECOMMEND THAT WE
16 AMEND THE LANGUAGE IN THE WASTE TIRE STABILIZATION AND
17 ABATEMENT CONTRACTS TO REQUIRE THE CONTRACTOR -- THAT
18 THE CONTRACTOR WITH CONCURRENCE BY THE BOARD ESTABLISH
19 AN ESTIMATE OF THE PERCENTAGE OF TIRES ON A REMEDIATION
20 SITE THAT CAN BE SENT TO END USE AND DISPOSAL RIGHT UP
21 FRONT. WE FEEL THIS WOULD CREATE MORE OF A LEVEL
22 PLAYING FIELD FOR ALL THE SUBCONTRACTORS. ONCE THOSE
23 ESTIMATES HAVE BEEN ESTABLISHED, BIDS SUBMITTED BY
24 SUBCONTRACTORS WILL BE REQUIRED TO BE BASED ON THESE
25 ESTIMATES SPECIFIED BY THE CONTRACTOR AND THAT BIDS



1 REFLECTING OTHER PERCENTAGES WOULD NOT BE ACCEPTED.
2 EACH SUBCONTRACTOR WILL ALSO BE REQUIRED
3 TO SUBMIT A LANDFILL OPTION BID TO DETERMINE IF THE
4 END-USE OPTION EXCEEDS 130 PERCENT OF THE COST OF THE
5 LANDFILL OPTION. AND ADDITIONALLY, REQUIRE THAT THE
6 SUBCONTRACTOR SUBMIT DOCUMENTATION THAT THE REMEDIATION
7 TIRES ARE SUITABLE FOR THE IDENTIFIED END USE AND THAT
8 THE END-USE FACILITY HAS ADEQUATE CAPACITY TO ACCEPT
9 THE WASTE TIRES. IN THE EVENT THAT REMEDIATION TIRES
10 ARE DEEMED UNSUITABLE FOR END USE PROPOSED BY THAT
11 SUBCONTRACTOR AND MUST BE LANDFILLED, THE CONTRACTOR
12 ACTUALLY HAS SEVERAL OPTIONS AVAILABLE TO HIM TO MEET
13 THE TARGETS.
14 HE MAY CHOOSE TO IDENTIFY AN ALTERNATE
15 END USE OR STOP THE JOB AND SEND IT BACK OUT TO BID.
16 BUT, IF THE CONTRACTOR FAILS TO MEET THE END-USE TARGET
17 PERCENTAGES, THE BOARD WILL ONLY PAY THE PRICE
18 CONTAINED IN THE DISPOSAL OPTION AND NOT PAY THE HIGHER
19 PRICE. THEN, BECAUSE THERE IS REALLY NO PRACTICAL WAY
20 TO TRACK THE TIRE FLOW IN AND OUT OF END USE, WE WOULD
21 RECOMMEND THAT THE PART OF THE POLICY THAT DEALS WITH
22 THE DISPLACEMENT OF TIRES TO AN END USE BE RESCINDED.
23 SO WE WOULD ACCOMPLISH THESE AMENDMENTS BY AMENDING THE
24 LANGUAGE IN THE EXISTING AND PROPOSED CONTRACTS AS
25 FOLLOWS. I'M JUST GOING TO READ THE PART OF THE ITEM



1 THAT CONTAINS THE ACTUAL LANGUAGE FOR THE POLICY
2 IF THE PRINCIPAL DIFFERENCE BETWEEN THE
3 DISPOSAL, REUSE/TRANSFORMATION OPTION IS COST, THEN THE
4 CONTRACT MANAGER WILL DIRECT THE CONTRACTOR TO SELECT
5 THE REUSE/TRANSFORMATION OPTION IF THE TOTAL COST OF
6 THE REUSE/TRANSFORMATION OPTION DOES NOT EXCEED 130
7 PERCENT OF THE TOTAL LEAST COST OPTION FOR DISPOSAL.
8 THE CONTRACTOR WITH CONCURRENCE BY THE
9 BOARD WILL ESTABLISH AN ESTIMATE OF THE PERCENTAGE OF
10 TIRES ON A REMEDIATION SITE THAT CAN BE SENT TO END USE
11 AND DISPOSAL. ONCE THOSE ESTIMATES HAVE BEEN
12 ESTABLISHED, BIDS SUBMITTED BY SUBCONTRACTORS WILL BE
13 REQUIRED TO BE BASED ON THESE ESTIMATES SPECIFIED BY
14 THE CONTRACTOR AND THAT THE BIDS REFLECTING OTHER
15 PERCENTAGES WILL NOT BE ACCEPTED. THE CONTRACTORS OR
16 SUBCONTRACTOR WILL SUBMIT A DISPOSAL OPTION IN ADDITION
17 TO AN END-USE OPTION BID TO DETERMINE IF THE END-USE
18 OPTION EXCEEDS 130 PERCENT OF THE COST OF THE LEAST COST
19 OPTION FOR DISPOSAL.
20 ADDITIONALLY, THE CONTRACTORS OR
21 SUBCONTRACTOR SHALL BE REQUIRED TO SUBMIT DOCUMENTATION
22 THAT THE REMEDIATION TIRES ARE SUITABLE FOR THE
23 IDENTIFIED END USE AND THAT THE END-USE FACILITY HAS
24 ADEQUATE CAPACITY TO ACCEPT THE WASTE TIRES.
25 DOCUMENTATION SHOULD BE PROVIDED THAT THE REMEDIATION



1 TIRES WERE ACTUALLY RECEIVED AT THE IDENTIFIED END USE.
2 IN THE EVENT REMEDIATION TIRES DEEMED UNSUITABLE FOR
3 THE END USE PROPOSED BY THAT CONTRACTOR OR
4 SUBCONTRACTOR AND MUST BE LANDFILLED, THE BOARD WILL
5 ONLY PAY THE PRICE CONTAINED IN THEIR LANDFILL OPTION
6 BID.
7 PLEASE NOTE THAT THE STATEMENT THAT
8 REQUIRES THE END-USE OPTION NOT DISPLACE ANOTHER SOURCE
9 OF WASTE TIRES WAS STRUCK OUT.
10 50 RECOMMENDATIONS, STAFF WOULD RECOMMEND
11 ON THE AUGMENTATION OF THE 1996-97 WASTE TIRE
12 STABILIZATION AND ABATEMENT CONTRACT THAT THE BOARD
13 AUGMENT THIS CONTRACT BY THE MAXIMUM AMOUNT ALLOWED BY
14 LAW, \$1,325,000.
15 AND THEN ON THE POLICY ISSUE, STAFF
16 RECOMMEND THAT THE BOARD ADOPT THE PROPOSED LANGUAGE AS
17 PRESENTED IN THE ITEM FOR INCLUSION IN THE BOARD'S
18 WASTE TIRE STABILIZATION AND ABATEMENT CONTRACTS. THAT
19 CONCLUDES MY PRESENTATION. ANY QUESTIONS?
20 CHAIRMAN PENNINGTON: QUESTIONS? MR.
21 CHESBRO.
22 BOARD MEMBER CHESBRO: I ASKED STAFF THIS
23 QUESTION IN BRIEFING, BUT I WANT TO ASK IT ON THE
24 RECORD. THE FUNDS TO AUGMENT THE STABILIZATION
25 REMEDIATION FUND ARE ENTIRELY FROM THOSE USES AND NOT



1 COMING FROM ANY OF THE RECYCLING OR MARKET PORTIONS OF
2 THE FUNDING, CORRECT?
3 MR. FUJII: CORRECT. THE ALLOCATION THAT WAS
4 ALLOCATED BY THE BOARD FOR THE WASTE TIRE STABILIZATION
5 AND ABATEMENT LINE ITEM BACK IN JUNE 1997 IS JUST FOR
6 THE CLEANUP OF THE TIRES AND NO MARKET PORTION.
7 CHAIRMAN PENNINGTON: MR. FRAZEE.
8 BOARD MEMBER FRAZEE: TWO QUESTIONS, BOB.
9 FIRST OF ALL, BECAUSE THIS IS THE AMENDMENT OF A
10 CURRENT CONTRACT, HAS THIS BEEN RUN PAST SUKUT TO SEE
11 THAT IT'S ACCEPTABLE?
12 MR. FUJII: RIGHT. WE'VE HAD SOME DISCUSSIONS
13 WITH SUKUT ABOUT THE POLICY, AND FOR THE MOST PART, I
14 THINK THEY'RE IN AGREEMENT. SO OUR FEELING IS THAT WE
15 COULD AMEND THE EXISTING CONTRACT WITH THIS POLICY AS
16 WELL AS HAVE IT BE IMPLEMENTED ON THE FUTURE CONTRACTS
17 AS WELL.
18 BOARD MEMBER FRAZEE: AND THEN THE LIST OF
19 SUITABLE END USE, IS THAT IN THIS POLICY? IS IT
20 SOMEWHERE ELSE, OR WHERE DOES THAT --
21 MR. FUJII: YOU KNOW, THERE ISN'T A FORMAL
22 LIST OF END USES. I MEAN UP TO NOW WE'VE BEEN
23 BASICALLY DEPENDING ON THE INDIVIDUAL SUBCONTRACTORS TO
24 IDENTIFY THOSE END USES. AND SO, YOU KNOW, WE DON'T
25 REALLY HAVE A LIST. THEY SEEK US OUT. WE DON'T REALLY



1 HAVE TO GO AFTER THEM. TO ANSWER YOUR QUESTION, THERE
2 ISN'T A FORMAL LIST.
3 BOARD MEMBER FRAZEE: THE REASON I'M RAISING
4 THAT QUESTION IS BECAUSE THE GENTLEMAN WHO JUST CAME
5 FORWARD, I THINK, IS GOING TO BE RAISING AN END-USE
6 QUESTION. AND I WONDERED IF MAYBE THAT OUGHT TO BE
7 PART OF THE POLICY OF A LIST OF WHAT IS BECAUSE THERE'S
8 SOME ITEMS OF QUESTION ON WHAT IS AN APPROPRIATE USE
9 AND WHAT IS DISPOSAL. ACTUALLY I THINK WE'VE ACCEPTED
10 THAT ALTERNATE DAILY COVER IS AN END USE, BUT THERE MAY
11 BE SOME VARIATIONS OF THAT.
12 MS. RICE: TO DATE I'M NOT AWARE THAT WE'VE
13 HAD ANY CONTROVERSY OVER WHAT WAS OR WAS NOT AN END USE
14 BECAUSE THERE HAVE BEEN A FINITE NUMBER OF END USES
15 PROPOSED IN THE TIRE CLEANUP CONTRACT, PRIMARILY ENERGY
16 USES, ADC, AND A VERY FEW OTHERS. WE COULD CERTAINLY
17 WORK ON DEVELOPING A LIST OF END USES. I DON'T THINK
18 IT'S SOMETHING THAT WE COULD PUT TOGETHER VERY QUICKLY
19 BECAUSE YOU WANT TO BE INCLUSIVE ENOUGH THAT NEW THINGS
20 THAT COME UP CAN BE CONSIDERED.
21 WE HAVE ALWAYS CONSIDERED ADC AS AN END
22 USE BECAUSE IT IS STATUTORILY STATED TO BE SO, SO THERE
23 WAS NEVER ANY QUESTION ABOUT THAT. BUT BEYOND THAT,
24 THOSE ARE THE KINDS OF THINGS WE'VE GOTTEN IN, SO WE
25 HAVEN'T HAD A CASE WHERE WE'VE HAD TO SAY, "OOH, IS



1 THIS DISPOSAL OR IS IT END USE?" IT'S BEEN PRETTY
2 CLEAR.

3 BOARD MEMBER FRAZEE: LET ME JUST ASK A
4 QUESTION ON YOUR STATEMENT THAT TIRES AS ADC IS
5 STATUTORY. THERE MAY BE SOMETHING I MISSED. THE
6 COUNTING OF ADC IS STATUTORY, BUT I DIDN'T KNOW THE
7 KINDS OF ITEMS THAT WENT IN TO MAKE UP ADC WAS
8 STATUTORY.

9 MS. RICE: NO, I DON'T BELIEVE THE STATUTE
10 DOES SPECIFY THE TYPE OF COVER, BUT IT REFERS TO ANY
11 ALTERNATIVE DAILY COVER. SO WHEN TIRES ARE USED AS AN
12 APPROVED ALTERNATIVE DAILY COVER AT A LANDFILL, IN
13 ACCORDANCE WITH THE PERMIT FOR THAT LANDFILL, IN OTHER
14 WORDS, THE APPROPRIATE THICKNESS, ETC., THAT'S
15 CONSIDERED TO BE ALTERNATIVE DAILY COVER AND, WE
16 BELIEVE, FALLS UNDER THAT GENERAL STATUTORY PROVISION.

17 BOARD MEMBER FRAZEE: THAT'S AN ASSUMPTION
18 THOUGH. IT'S NOT --

19 MS. RICE: WELL, OUR REGULATIONS TREAT IT THE
20 SAME WAY. ALTERNATIVE DAILY COVER REFERS TO ANY
21 MATERIAL THAT HAS BEEN APPROVED FOR USE AS COVER, AND I
22 DON'T KNOW IF THE LEGAL OFFICE --

23 BOARD MEMBER FRAZEE: THAT'S ON ONE SIDE OF
24 THE EQUATION, BUT COUNTING OF TIRES AS AN END USE IS ON
25 ANOTHER SIDE OF THE EQUATION.



1 MS. RICE: I GUESS I HADN'T VIEWED IT THAT
2 WAY. I THINK I DO UNDERSTAND THE DISTINCTION, BUT WE
3 HADN'T VIEWED IT THAT WAY BECAUSE THE WAY WE UNDERSTOOD
4 THE STATUTE IN OUR REGULATIONS IS THAT ONCE SOMETHING
5 WAS DEEMED TO BE AN APPROVED ALTERNATIVE DAILY COVER,
6 THEN IT IS DEEMED TO BE RECYCLING WHEN USED IN THE
7 APPROPRIATE THICKNESSES IN ACCORDANCE WITH THE PERMIT.
8 BOARD MEMBER FRAZEE: WE'LL SEE HOW THIS PLAYS
9 OUT HERE.
10 CHAIRMAN PENNINGTON: ANY OTHER QUESTIONS?
11 BOARD MEMBER JONES: I HAVE A COUPLE BECAUSE I
12 KNOW YOU HAVE SOME SPEAKERS, BUT I'D LIKE TO GO DOWN AN
13 AVENUE HERE. WE HAD A PRETTY GOOD DISCUSSION IN
14 PERMITS COMMITTEE ABOUT THIS, AND I WAS GLAD TO SEE
15 THAT THE RECOMMENDATION TOOK A LOT OF THOSE THINGS INTO
16 ACCOUNT.
17 I BROUGHT THE ITEM UP OR THE -- I HELPED
18 IN THE DISCUSSION ON THE ISSUE OF SUBCONTRACTOR
19 VERIFYING WHAT, YOU KNOW, COULD BE AND COULDN'T BE.
20 I'M WONDERING -- I'M OFFERING THIS TO THE OTHER BOARD
21 MEMBERS TO THINK ABOUT A LITTLE BIT. JUST A LITTLE
22 TWEAK ON THIS PROPOSED POLICY COULD BE THAT WHEN
23 SUBCONTRACTORS GO OUT AND LOOK AT A PILE AND DETERMINE,
24 ONE OF THEM SAYS 70 PERCENT AND ANOTHER ONE SAYS 40
25 PERCENT. I THINK AT THAT TIME IF SUKUT AND THE BOARD



1 COULD GO OUT AND LOOK AT THE PILE AND MAKE A
2 DETERMINATION AS TO WHAT IS A REASONABLE NUMBER, BUT I
3 THINK IF WE SET THE NUMBER AHEAD OF TIME, WE MAY BE
4 LIMITING THE USES. YOU KNOW WHAT I'M SAYING.
5 IF SUKUT SAYS 50 PERCENT CAN BE DONE,
6 SOMEBODY ELSE MAY HAVE A WAY TO GET 70. YOU KNOW, I'D
7 LIKE TO SEE IT REVERSED WHERE THE SUBS GO OUT, TRY
8 THEIR ENTREPRENEURIAL SPIRIT, SEE WHAT THEY CAN DO, AND
9 THEN WE VERIFY IT. BUT AT THE SAME TIME WE'D HAVE TO
10 INCLUDE ONE THING, AND THAT WOULD BE A CONTRACTS ISSUE
11 WHERE IF A SUBCONTRACTOR SAYS THEY'RE GOING TO REUSE OR
12 RECYCLE 70 PERCENT OF A PILE AND, THEREFORE, GET THAT
13 EXTRA 30 PERCENT, THEN THAT'S A CONDITION OF THE
14 CONTRACT AND CAN'T BE DISMISSED JUST BECAUSE THAT ONE
15 END USER TAKES A HIKE OR CAN'T TAKE THE TIRES.
16 I THINK THAT SUBCONTRACTOR HAS AN
17 OBLIGATION TO GO OUT AND FIND SOURCES. THAT IS LIFE IN
18 THE REAL CITY WHEN A BROKER TAKING YOUR PAPER ALL OF A
19 SUDDEN DOESN'T TAKE IT ANYMORE, YOU GO OUT AND YOU FIND
20 SOMEBODY ELSE. YOU MAY NOT HAVE MADE 12 BUCKS; YOU MAY
21 ONLY MAKE TWO, BUT THAT WAS PART OF YOUR CONTRACT. I
22 THINK THOSE TWO THINGS TOGETHER GIVE SUBCONTRACTORS THE
23 OPPORTUNITY TO GET CREATIVE. WE VERIFY IT THROUGH
24 SUKUT AND THE BOARD AS TO WHAT'S A REASONABLE NUMBER,
25 BUT THEN TIE IT INTO A CONDITION. YOU SAY YOU ARE



1 GOING TO RECYCLE 70, THEN YOU GO OUT AND YOU DO 70. IF
2 YOU DON'T DO 70, THEN YOU'RE NOT IN COMPLIANCE WITH THE
3 CONTRACT. YOU HAVEN'T FULFILLED THE CONDITION.
4 I THINK THAT THAT WOULD BRING A FAIRNESS
5 LEVEL TO THOSE THAT SAY THEY WILL RECYCLE AND DON'T
6 RECYCLE ANYTHING BECAUSE THE RUBBER BLOCKS THAT WE'RE
7 GOING TO MAKE, ALL OF A SUDDEN THE GUY CLOSES THE DOOR
8 AND SO NOW THEY HAVE TO LANDFILL IT ALL. BUT I JUST
9 THROW IT OUT. I THINK IT GIVES US SOME GROWTH
10 OPPORTUNITY.
11 MS. RICE: UNDER THAT SCENARIO, THEN, IF I
12 UNDERSTAND, IF, SAY, THE SUBCONTRACTOR SAID 70 PERCENT
13 END USE AND THEN THEY WEREN'T ABLE TO DELIVER ON THAT,
14 WHAT WOULD HAPPEN THEN?
15 BOARD MEMBER JONES: THEY WOULD I WOULD
16 THINK THAT THEY WOULD BE IN DEFAULT OF THEIR CONTRACT.
17 MS. RICE: SO WE'D CEASE PAYMENT?
18 BOARD MEMBER JONES: I THINK IT'S A CONTRACTS
19 ISSUE, BUT WHAT DO YOU DO IF SOMEBODY DOESN'T FULFILL A
20 CONTRACT AROUND HERE? YOU DON'T PAY THEM, RIGHT? I
21 THINK WHAT THAT IS GOING TO GET US IS IT'S GOING TO
22 TELL PEOPLE, YOU KNOW, BECAUSE THE ISSUE CAME UP DURING
23 THE COMMITTEE THAT SOME BIDS GO IN AND THEY ARE HEAVILY
24 SLANTED THAT THEY'RE GOING TO RECYCLE. AND THEN A
25 COUPLE OF WEEKS INTO THE PROJECT, THEY SAY WE CAN'T



1 RECYCLE THESE TIRES. JUST PAY ME THE DISPOSAL FEE - -
2 MEAN JUST PAY ME LESS 30 PERCENT. AND THEY HAVE A
3 CLEANUP CONTRACT FOR WHATEVER, TWO, \$300,000 -- I MEAN
4 PICK A NUMBER -- WHERE SOMEBODY MAY HAVE SAID, "I CAN
5 RECYCLE 40 PERCENT" AND LEGITIMATELY COULD HAVE DONE
6 SO, DIDN'T GET IT BECAUSE OF THAT 30-PERCENT
7 DIFFERENTIAL END USE. IT SHOULD BE A CONTRACT -- IT'S
8 A CONDITION OF A CONTRACT.
9 BOARD MEMBER CHESBRO: I AGREE WITH STEVE.
10 THINK YOU GOT TO HOLD THEM TO IT, YOU KNOW.
11 CHAIRMAN PENNINGTON: OKAY. ANY ADDITIONAL
12 QUESTIONS? OKAY. WE HAVE TWO SPEAKERS. TERRY
13 LEVEILLE.
14 MR. LEVEILLE: 1R. CHAIRMAN, BOARD, WELCOME,
15 MR. EATON. IF THIS ARCAINE SUBJECT SEEMS A LITTLE
16 COMPLEX, I WELCOME YOU TO SUBSCRIBE TO THE CALIFORNIA
17 TIRE REPORT. IT EXPLAINS EVERYTHING VERY CLEARLY.
18 BOARD MEMBER EATON: IT'S NOT IN MY BUDGET.
19 CHAIRMAN PENNINGTON: WE'LL SEND YOU A BILL
20 FOR THAT PAID ADVERTISEMENT.
21 MR. LEVEILLE: MY NAME IS TERRY LEVEILLE.
22 REPRESENT TL & ASSOCIATES AND AM EDITOR AND PUBLISHER
23 OF THE CALIFORNIA TIRE REPORT. I'M NOT REPRESENTING
24 ANY FIRM AT THIS POINT, ONLY GOOD PUBLIC POLICY.
25 1 THOUGHT -- I APPEARED BEFORE THE P&E



1 COMMITTEE THE OTHER DAY, AND I STILL HAD SOME
2 RESERVATIONS ONCE THE P&E COMMITTEE ADOPTED A POLICY ON
3 ONE MAJOR ISSUE. I THOUGHT THAT THE ISSUE DEALING WITH
4 THE PERCENTAGES OF A TARGET WAS HANDLED ADEQUATELY. I
5 THINK MR. SMITH HERE MADE A PROPOSAL.
6 THE PROBLEM HAS BEEN, ONCE AGAIN, I'LL
7 JUST RESTATE IT CLEARLY, THE PROBLEM HAS BEEN, AS MR.
8 JONES SAYS, THAT A COMPANY HAS ESTIMATED THAT THEY CAN
9 RECYCLE 90 PERCENT OF THE TIRES AND THEY AREN'T ABLE TO
10 DO IT. IT'S NOT ALWAYS THEIR FAULT NECESSARILY. THERE
11 MAY BE SOME UNFORESEEN REASONS WHY AN END USER WILL ALL
12 OF A SUDDEN SAY THAT WE CAN'T DO ANY MORE. WE'VE
13 LOST -- YOU KNOW, SAY, A CEMENT KILN, FOR EXAMPLE, HAS
14 TO GO DOWN FOR SOME REASON AND THEY CAN'T TAKE THE
15 TIRES. I THOUGHT THAT THE SOLUTION THAT WAS WORKED OUT
16 IN COMMITTEE WAS PROBABLY THE BEST THAT COULD BE DONE
17 AND THE FAIREST IN THAT YOU SET A TARGET OF, SAY, SO
18 PERCENT OR ACTUALLY I WOULD PREFER IT TO BE USED AS
19 TONNAGE BECAUSE IF YOU START SAYING PERCENTAGES, THAT
20 THEY CAN CLEAN UP -- RECYCLE 50 PERCENT OF THIS TIRE
21 PILE, WHAT IF IN A COUPLE OF CASES HAVE HAPPENED THEY
22 FIND 10,000 MORE TIRES? ARE THEY HELD TO THAT
23 50-PERCENT TONNAGE IN ADDITION TO THAT? SO I WOULD
24 SUGGEST THAT THERE BE A CHANGE IN THE THING THAT JUST
25 FOCUSES ON TONNAGE.



1 A COMPANY -- SUKUT PUTS OUT A BID, AN
2 RFP, WITH BOARD'S APPROVAL THAT SAYS THAT A COMPANY
3 THAT BIDS ON THIS SHOULD BE ABLE TO RECYCLE 5,000 TONS,
4 AND 5,000 TONS WOULD GO TO A LANDFILL. THIS LEVELS THE
5 PLAYING FIELD BECAUSE ALL OF THE FIRMS THAT ARE BIDDING
6 ON IT KNOW HOW MUCH THEY HAVE TO FIND AN END USE FOR IF
7 THEY WANT TO GET THE DIFFERENTIAL.
8 NOW, IF THEY GO BEYOND THAT, AND THIS IS
9 WHERE THE INCENTIVE COMES IN, I SAY, YEAH, PAY THEM THE
10 DIFFERENTIAL FOR ANY TONNAGE THEY CAN DO BEYOND THAT
11 5,000 TONS. IF THEY CAN RECYCLE ALL OF IT, THEY SHOULD
12 GET PAID THE DIFFERENTIAL; BUT IN THE BIDDING PROCEDURE
13 ITSELF, IT SEEMS THERE ARE TOO MANY CASES THAT I COULD
14 FORESEE WHERE A FIRM BUDDING ON A PROJECT THAT SAYS
15 THEY CAN RECYCLE THE TIRES, AND AN END USER SAYS THAT
16 THEY'LL BE ABLE TO TAKE THEM, MIGHT FOR SOME UNFORESEEN
17 REASON HAVE TO SHUT DOWN, AND THEN, YOU KNOW, YOU'RE
18 DEALING WITH A WHOLE HOST OF PROBLEMS ABOUT HAVING TO
19 GO OUT TO REBID, YOU ARE TALKING ABOUT EXTRA STAFF
20 WORK, YOU ARE TALKING ABOUT EXTRA COSTS. AND I THINK
21 OVERALL IF WE'RE TRYING TO REDUCE COSTS, YOU'VE GOT
22 TO -- YOU KNOW, THE FAIREST WAY IS TO JUST GIVE
23 EVERYBODY THE SAME OPTION AS WHEN THEY'RE BIDDING ON
24 THE RFP IN THE FIRST PLACE.
25 BOARD MEMBER JONES: CAN I ASK MR. LEVEILLE A



1 QUESTION?

2 CHAIRMAN PENNINGTON: CERTAINLY. MR. JONES.

3 BOARD MEMBER JONES: TERRY, THE ARGUMENT IS
4 THAT SOMEBODY IS BIDDING IT WHERE THEY'VE IDENTIFIED
5 ONE END USER. AND I'M WONDERING THAT IF AN END USER
6 ENDS UP DISAPPEARING FOR ONE REASON OR ANOTHER, WHY
7 ISN'T THERE AN OBLIGATION TO FIND ANOTHER END USER?
8 WHY ISN'T THERE AN OBLIGATION ON THE CONTRACTOR THAT
9 BID IT TO FIND ANOTHER END USE?

10 MR. LEVEILLE: I THINK THERE --

11]. BOARD MEMBER JONES: I UNDERSTAND THAT COSTS
12 ARE GOING TO DIFFER, BUT IT WOULD SEEM TO ME THAT IT
13 WOULD BE PRUDENT IF THE OBLIGATION WAS THERE THAT
14 SOMEBODY IDENTIFIED MORE THAN ONE USE.

15 MR. LEVEILLE: RIGHT. I THINK THAT THAT WOULD
16 BE -- IN A GOOD WORLD THAT WOULD BE PERFECT. BUT LOOK
17 AT THE OTHER FIRMS THAT DIDN'T GET THE JOB. THEY WOULD
18 PROBABLY BE IN THE SAME SITUATION. I MEAN THEY BID
19 5,000 TONS IN END USE AND THEY DIDN'T GET IT BECAUSE
20 THEIR BIDS WERE TOO EXPENSIVE OR THEY TOOK TOO MUCH
21 TIME OR WHATEVER, SO I CAN'T SEE ANOTHER FIRM THAT
22 DIDN'T GET THE JOB COMPLAINING IF AN END USE
23 DISAPPEARS. EVERYBODY HAS BID ON AN END USE.
24 I JUST THINK THAT YOU ARE COMPLICATING
25 THE ISSUE TO A POINT WHERE IF YOU ALL OF A SUDDEN KNOCK



1 OUT AND SAY THAT SOMEONE IS IN VIOLATION OF THEIR
2 CONTRACT, DOES THIS MEAN THEY GO ON THE UNRELIABLE
3 POLICY FIRM? DOES THIS MEAN THEY DON'T GET A CONTRACT
4 FOR THE NEXT THREE YEARS? I THINK THAT THERE'S TOO
5 MANY UNKNOWNNS IN THIS SITUATION, AND IT WOULD GREATLY
6 COMPLICATE STAFF WORK, IT WOULD GREATLY COMPLICATE THE
7 CLEANUPS, IT WOULD SLOW DOWN EVERYTHING.
8 AND I JUST -- I CAN FORESEE SITUATIONS
9 OCCURRING WHEN A LEGITIMATE FIRM PUTS IN A LEGITIMATE
10 BID AND AN END USER DRIES UP, AND IT'S THROUGH NO FAULT
11 OF THEIR OWN. YEAH, THEY SHOULD BE ENCOURAGED TO FIND
12 ANOTHER END USER, BUT I CAN'T SEE PUTTING THE SLAM ON A
13 FIRM THAT IS BIDDING IN GOOD FAITH, AND WE ARE TALKING
14 ABOUT HAVING EVERYBODY ID ON THE SAME AMOUNT OF
15 TONNAGE FOR END USE.
16 BOARD MEMBER JONES: RIGHT. LET'S JUST SAY
17 THAT YOUR CLIENTS -- LET'S SAY YOU ARE GOING TO BID A
18 TIRE PILE CLEANUP, AND YOU'VE IDENTIFIED TRANSFORMATION
19 AS YOUR END USE. LET'S SAY I BID IT AND I SAID
20 TRANSFORMATION AND ADC. OKAY. WITHIN A REGION, IF YOU
21 WERE GOING TO BID ON A TIRE CLEANUP AND WITHIN A REGION
22 THERE WERE LANDFILLS, AND IN THOSE LANDFILLS THEY WERE
23 WILLING TO ENTERTAIN THE IDEA OF ADC, ALL RIGHT, MAYBE
24 THAT'S NOT YOUR PRIME USE, MAYBE YOUR PRIME USE IS
25 TRANSFORMATION, MAYBE IT'S CRUMB RUBBER, MAYBE IT'S



1 WHATEVER THE HECK YOU WANT TO MAKE IT, BUT WHERE I GET
2 A LITTLE BIT NERVOUS ABOUT THIS THING IS THAT THE
3 CONTRACTORS IDENTIFY ONE END USE AND HAVE NO OBLIGATION
4 TO CONSIDER ANY OTHERS. I UNDERSTAND THE TIRES COULD
5 BE DIRTY. THERE COULD BE OTHER ISSUES THAT CREATE A
6 PROBLEM THERE. BUT BY IDENTIFYING ONE END USE AND NOT
7 HAVING AN OBLIGATION TO HAVE ANOTHER END USE IN THEIR
8 POCKET, WHETHER THEY DISCLOSE IT OR NOT, IS PRETTY --
9 IT'S A PRETTY EASY WAY -- I MEAN IT IS NOT -- IT'S NOT
10 A LOT OF BURDEN THERE, TERRY, YOU KNOW, I MEAN IN MY
11 MIND BECAUSE I THINK WHEN YOU BID SOMETHING, YOU BID IT
12 WITH CONTINGENCIES.

13 MR. LEVEILLE: SO IS YOUR CONCERN OVER THE
14 FACT THAT THEY WOULDN'T RECYCLE, OR IS YOUR CONCERN
15 OVER THE FACT THAT THEY WOULD WIN A CONTRACT AND
16 ANOTHER FIRM WOULD NOT WIN IT WITH A SIMILAR END USE
17 THING OR A DIFFERENT END USE THING?

18 BOARD MEMBER JONES: NO. MY CONCERN IS THAT
19 THEY WOULD NOT REUSE IT, WOULDN'T RECYCLE IT. I THINK
20 THAT IT IS A FAIRNESS ISSUE. AND I THINK IT'S ALSO AN
21 OBLIGATION. YOU KNOW, I MEAN IF THE PLAYING FIELD
22 TODAY IS YOU PUT IN A BID, YOU LIST ONE END USER, IF IT
23 DRIES UP, IT'S NO BIG DEAL. OKAY. THAT'S NOT FAIR.
24 THAT WAS YOUR ISSUE THAT CAME FORWARD. MY -- AND I
25 AGREE WITH YOU. I DON'T THINK IT IS FAIR.



1 BUT I THINK THAT WHEN YOU PUT IN A BID
2 YOU SHOULD HAVE SOME RESPONSIBILITY TO IF YOU ARE GOING
3 TO SAY I'M GOING TO DO 5,000 TONS, THEN THERE IS A GOOD
4 FAITH APPROACH TO THE BOARD THAT YOU ARE GOING TO DO
5 THAT AND RECIPROCATE, YOU KNOW, THAT YOU -- WE EXPECT
6 IT
7 MR. LEVEILLE: ONE COULD ARGUE THAT BY GETTING
8 PAID A LESS AMOUNT, THAT WOULD BE A PUNISHMENT. YOU
9 GET PAID YOUR LANDFILL BID. BUT, YEAH, YOU ARE RIGHT.
10 I THINK THAT THERE SHOULD BE A COMMITMENT, AND I THINK
11 THAT THAT SHOULD HAPPEN. I'M NOT SURE, BUT WHAT YOU
12 WERE TALKING ABOUT EARLIER WAS TAKING AWAY THIS NOTION
13 OF A TARGET BID AT THE PRE -- YOU KNOW, ON THE RFP OF
14 SETTING A CERTAIN PERCENTAGE, A CERTAIN TONNAGE THAT
15 HAS TO BE RECYCLED. I THOUGHT THAT WAS A PRETTY GOOD
16 COMPROMISE, AND I THINK THAT THERE'S TWO DIFFERENT
17 ISSUES HERE.
18 IF YOU SET IN THE RFP A TONNAGE THAT CAN
19 BE RECYCLED AND ALL BIDDERS HAVE THE SAME OPTION TO BID
20 AT THAT LEVEL PLAYING FIELD; AND IF THEY GO OVER IT,
21 FINE. THE SECOND OPTION, THE SECOND ISSUE YOU'RE
22 DEALING WITH, THOUGH, WHAT IF THEY DON'T MAKE
23 5,000 TONS? WELL, THEN I MEAN IT'S UP TO YOU TO MAKE
24 THE DECISION AS TO WHETHER OR NOT THERE SHOULD BE SOME
25 SORT OF SANCTIONS. STAFF CAN PROBABLY TELL YOU WHAT



1 MIGHT COMPLICATE THE ISSUE BETTER THAN I CAN, BUT -- OR
2 WHAT SORT OF REASONS WHY A COMPANY MIGHT NOT BE ABLE TO
3 DO IT. BUT I THINK THERE'S TWO ISSUES HERE. ONE IS
4 SETTING THAT TARGET GOAL; THE OTHER IS WHAT HAPPENS IF
5 THEY DON'T MAKE IT.
6 CHAIRMAN PENNINGTON: MR. CHESBRO.
7 BOARD MEMBER CHESBRO: YEAH. MY ISSUE IS NOT
8 THE FAIRNESS IN THE CONTRACTING PROCESS OR HOLDING
9 PEOPLE TO THEIR CONTRACTS. IT'S MAXIMUM AMOUNT OF END
10 USE. AND THOSE OTHER THINGS ARE IMPORTANT. I DON'T
11 MEAN TO DISCOUNT THEM. BUT FROM A POLICY STANDPOINT,
12 WHAT WE'RE AFTER HERE IS MAXIMUM AMOUNT OF REUSE. I
13 THINK WHAT STEVE'S TALKING ABOUT ADDRESSES THAT AS WELL
14 AS THE ISSUES THAT HE'S RAISED. SO I THINK WE OUGHT TO
15 BE TRYING TO MAKE SURE THAT IT HAPPENS AND WE GET THE
16 MAXIMUM AMOUNT OF REUSE.
17 AND I'M A LITTLE CONCERNED THAT THE
18 PROPOSAL THAT'S BEFORE US SORT OF GOES TO THE LOWEST
19 COMMON DENOMINATOR, IF YOU WILL, OR WHATEVER, OR SAYS,
20 WELL, WE'LL ROLL IT BACK TO THE POINT WHERE MORE PEOPLE
21 ARE LIKELY TO BE ABLE TO REALISTICALLY PUT IN A BID,
22 BUT IT DOESN'T, AS STEVE SAID, GO OUT AND TRY TO
23 ENCOURAGE MORE AGGRESSIVE ENTREPRENEURIAL SPIRIT, TO
24 GET A GREATER LEVEL OF END USE, AND THEN, THUS, PRIME
25 THE MARKETPLACE -- PRIME THE PUMP OF THE MARKETPLACE



AT A DIVERSION ISSUE, A DIVERSION FROM THE LANDFILL, WHICH IS FINE POLICY. BUT DON'T KID OURSELVES ABOUT SENDING IT TO A MARKET BECAUSE THEY'RE BUILDING UP MARKETS BECAUSE IT'S NOT GOING TO BE BUILDING UP MARKETS. ALL WE'RE DOING IS BASICALLY COMBUSTING TIRES THAT WOULD NORMALLY GO TO A LANDFILL, AND THE TIRES THAT WOULD BE COMBUSTED AT THAT CEMENT KILN ARE GOING TO BE GOING TO A LANDFILL ANYWAY.

I MEAN, YOU KNOW, ONE COULD ARGUE, AND I THINK THAT IT WOULD BE WORTHWHILE TO LOOK IN ABOUT SIX MONTHS, HOW THIS POLICY IS WORKING, IF IT REALLY IS MAKING A DIFFERENCE AS FAR AS RECYCLING TIRES AND IF IT'S A GOOD POLICY.

I THINK -- AND, YOU KNOW, I KNIT PICK ON THESE OTHER LITTLE THINGS ON THE BIDS, BUT I THINK OVERALL I'VE BEEN, IN TALKING WITH THE INDUSTRY AND TALKING WITH END USERS, TALKING WITH LANDFILL OPERATORS, TALKING WITH THE CLEANUP OPERATORS, THEY'RE SAYING, "WELL, LOOK IT. WE'RE SPENDING THIS EXTRA MONEY. WHY NOT JUST CLEAN UP MORE TIRES? WE'RE SPENDING 30 PERCENT MORE MONEY TO SEND TIRES TO A CEMENT KILN. LET'S CLEAN UP MORE TIRES WITH THAT 30 PERCENT MONEY."

AND, YEAH, WE HAVE TO LANDFILL THEM RIGHT NOW, BUT HOPEFULLY OTHER PROGRAMS THAT THE BOARD IS PUSHING WILL DEVELOP MARKETS FOR RECYCLING, FOR



1 AND TRY TO STIMULATE THE MARKETS FOR TIRES. AND
2 THAT'S, I THINK, ONE OF THE REASONS FOR DOING THIS
3 BESIDES JUST NOT WANTING TIRES TO BE BURIED IN THE
4 GROUND. IT'S ALSO TO TRY TO HELP CREATE A GREATER
5 CAPACITY IN THE MARKETPLACE FOR TIRE REUSE AND
6 RECYCLING.

7 MR. LEVEILLE: I'D LIKE TO ARGUE AGAINST THAT
8 ONLY BECAUSE, MR. CHESBRO, THE TIRES THAT GO TO AN END
9 USE INEVITABLY GO TO A CEMENT KILN. THERE REALLY ARE
10 NO USES FOR TIRES, VERY FEW USES FOR TIRES, OTHER THAN
11 COMBUSTION. AND THIS -- TO BE BLASPHEMOUS, THIS MIGHT
12 PUT THE WHOLE ISSUE OF THIS WHOLE DIFFERENTIAL INTO
13 QUESTION. WHAT ARE WE TALKING ABOUT HERE? ARE WE
14 LOOKING AT FINDING Something OTHER THAN LAND USE, OR
15 ARE WE LOOKING AT TRYING TO BUILD UP MARKETS? WE'RE
16 NOT BUILDING UP MARKETS WITH THIS POLICY.

17 WE'RE BASICALLY DIVERTING TIRES TO A
18 CEMENT KILN; AND UNDER THIS NEW POLICY, THOSE TIRES
19 THAT NORMALLY THE CEMENT KILN WOULD BE TAKING WILL BE
20 GOING TO A LANDFILL. TIRES THAT HAVE BEEN STOCKPILED
21 FOR YEARS ARE JUST NOT GOING TO BE USED AT A CRUMB
22 RUBBER FACILITY, FOR EXAMPLE. THEY COULD POSSIBLY BE
23 USED FOR ADC. BUT IT'S NOT REALLY A MARKET ISSUE. AND
24 I THINK THAT INITIALLY WHEN MR. RELIS AND MR. JONES
25 WERE PUSHING IT NINE MONTHS AGO, IT WAS REALLY LOOKING



AT A DIVERSION ISSUE, A DIVERSION FROM THE LANDFILL, WHICH IS FINE POLICY. BUT DON'T KID OURSELVES ABOUT SENDING IT TO A MARKET BECAUSE THEY'RE BUILDING UP MARKETS BECAUSE IT'S NOT GOING TO BE BUILDING UP MARKETS. ALL WE'RE DOING IS BASICALLY COMBUSTING TIRES THAT WOULD NORMALLY GO TO A LANDFILL, AND THE TIRES THAT WOULD BE COMBUSTED AT THAT CEMENT KILN ARE GOING TO BE GOING TO A LANDFILL ANYWAY.

I MEAN, YOU KNOW, ONE COULD ARGUE, AND I THINK THAT IT WOULD BE WORTHWHILE TO LOOK IN ABOUT SIX MONTHS, HOW THIS POLICY IS WORKING, IF IT REALLY IS MAKING A DIFFERENCE AS FAR AS RECYCLING TIRES AND IF IT'S A GOOD POLICY. I THINK -- AND, YOU KNOW, I KNIT PICK ON THESE OTHER LITTLE THINGS ON THE BIDS, BUT I THINK OVERALL I'VE BEEN, IN TALKING WITH THE INDUSTRY AND TALKING WITH END USERS, TALKING WITH LANDFILL OPERATORS, TALKING WITH THE CLEANUP OPERATORS, THEY'RE SAYING, "WELL, LOOK IT. WE'RE SPENDING THIS EXTRA MONEY. WHY NOT JUST CLEAN UP MORE TIRES? WE'RE SPENDING 30 PERCENT MORE MONEY TO SEND TIRES TO A CEMENT KILN. LET'S CLEAN UP MORE TIRES WITH THAT 30 PERCENT MONEY." AND, YEAH, WE HAVE TO LANDFILL THEM RIGHT NOW, BUT HOPEFULLY OTHER PROGRAMS THAT THE BOARD IS PUSHING WILL DEVELOP MARKETS FOR RECYCLING, FOR CREATING RUBBERIZED ASPHALT AND CRUMB RUBBER AND THAT



1 TYPE OF THING. BUT I THINK THAT YOU ALL SHOULD TAKE A
2 LOOK AT THIS POLICY OVERALL. I DON'T WANT TO BELABOR
3 THAT POINT. BUT IT'S SOMETHING TO BE THINKING ABOUT
4 AND MAYBE REVIEWING IN SIX MONTHS OR SO.
5 CHAIRMAN PENNINGTON: THANK YOU, MR.
6 LEVEILLE. YES, MR. FRAZEE. YOU HAVE A QUESTION?
7 BOARD MEMBER FRAZEE: I THINK YOU'VE ANSWERED
8 A COUPLE OF MY QUESTIONS. ONE, THOUGH, IS THAT IT
9 DOESN'T NECESSARILY FOLLOW THAT LANDFILLING IS GOING TO
10 BE CHEAPER THAN COMBUSTION, CONSIDERING -
11 MR. LEVEILLE: TRANSPORTATION COSTS.
12 BOARD MEMBER FRAZEE: IT COULD FLOW EITHER
13 WAY. BUT THE POINT I WANTED TO MAKE, AND I UNDERSTAND
14 FULLY YOUR CITING OF THE PROBLEM IN THIS. I HAVEN'T
15 HEARD YOUR SOLUTION YET HOW YOU WOULD MODIFY THE POLICY
16 TO MAKE IT WORKABLE
17 MR. LEVEILLE: MY SOLUTION WOULD BE TO GET RID
18 OF THE DIFFERENTIAL POLICY
19 BOARD MEMBER FRAZEE: WOULD YOU? OKAY.
20 THAT'S FAIR.
21 MR. LEVEILLE: BUT IN LIEU OF THAT, AND
22 BECAUSE I KNOW THAT THE BOARD HAS SHOWN A COMMITMENT TO
23 IT IN THE PAST AND WANTS TO GIVE IT A CHANCE, THAT'S
24 WHY I APPEARED AT P&E COMMITTEE AND I'M APPEARING NOW,
25 TO LOOK AT THE SMALLER THINGS TO AT LEAST MAKE IT A



1 FAIRNESS ISSUE AS FAR AS THE BIDDING FOR THE TIRE
2 CLEANUP FIRMS. I THINK THAT'S -- I THINK THAT'S
3 IMPORTANT.
4 I THINK THE DOCUMENTATION THAT AN END
5 USER ACTUALLY USES THE TIRES THAT COME FROM A CLEANUP
6 IS IMPORTANT. AND I THINK THERE NEEDS TO BE A LITTLE
7 BIT OF CHANGE IN THE WORDING IN THE POLICY HERE BECAUSE
8 THERE'S RUMORS THAT A COMPANY MIGHT HAVE CLEANED UP A
9 TIRE PILE AND TOOK IT TO THEIR YARD AND SENT IT TO A
10 RECYCLER, BUT MAYBE THOSE WEREN'T THE SAME TIRES THAT
11 WERE CLEANED UP. I THINK THERE DOES NEED TO BE
12 DOCUMENTATION BY THE END USER, AND I THINK IN THE
13 POLICY STATEMENT HERE IT DOESN'T SPECIFY THAT. THE
14 SECOND TO LAST SENTENCE, IT SAYS DOCUMENTATION SHOULD
15 BE PROVIDED REMEDIATED TIRES WERE ACTUALLY RECEIVED AT
16 THE IDENTIFIED END USE. I THINK IT SHOULD SAY THE END
17 USER SHOULD PROVIDE DOCUMENTATION AND AFTER THE CLEANUP
18 JOB. I THINK THERE SHOULD BE A...
19 CHAIRMAN PENNINGTON: OKAY. THANK YOU, MR.
20 LEVEILLE. NOW WE'LL HEAR FROM MR. GEORGE LARSON.
21 MR. LARSON: GOOD MORNING, MEMBERS -- CHAIRMAN
22 AND MEMBERS. I'M HERE -- GEORGE LARSON, REPRESENTING
23 USA WASTE. WHILE, TERRY, YOU DID AN EXCELLENT JOB OF
24 OUTLINING THE DIFFICULTIES THAT YOU ARE CONFRONTING IN
25 TRYING, FIRST OF ALL, TO PROMOTE THE MARKETS WHERE



1 THESE REMEDIATED TIRES MIGHT GO AND, SECONDLY,
2 VERIFYING WHETHER OR NOT THEY ACTUALLY ENDED UP GOING
3 TO THAT USE, WELL, HAVING GIVEN SOME THOUGHT TO THE
4 DILEMMA, WHILE I DON'T HAVE A SPECIFIC ANSWER TO THE
5 PROBLEM DEFINED IN THE END USES THAT ARE DISCUSSED THUS
6 FAR, I HAVE ANOTHER PERSPECTIVE THAT I'D LIKE TO OFFER
7 FOR YOUR CONSIDERATION.
8 AND IT HAS TO DO WITH JUST TAKING A LOOK
9 AT WHAT END USE MEANS FROM A BIT BROADER PERSPECTIVE.
10 AND I WOULD DEFINE THAT BROADER PERSPECTIVE AS
11 BENEFICIAL END USE OR BENEFICIAL ENVIRONMENTAL END
12 USE. TO GET TO THE POINT, UNDER A SEPARATE AGENCY IN
13 CALIFORNIA, THE DIVISION OF MINES AND GEOLOGY AT
14 DEPARTMENT OF CONSERVATION, THERE'S A SEPARATE SET OF
15 ENVIRONMENTAL LAWS AND REGULATIONS THAT GOVERN THE
16 OPERATION OF MINING FACILITIES IN CALIFORNIA THAT
17 REQUIRE THAT SUCH FACILITIES DEVELOP, SUBMIT, AND HAVE
18 APPROVED A MINE RECLAMATION PLAN UNDER THE SURFACE
19 MINING AND RECLAMATION ACT IN CALIFORNIA.
20 OBVIOUSLY EXCAVATION AND MINING
21 OPERATIONS LEAD TO THE DEVELOPMENT OF FACILITIES THAT
22 NEED REMEDIATION, AND THE PLAN WOULD SET FORTH THE
23 MEANS BY WHICH SUCH FACILITIES WOULD ENDEAVOR TO BRING
24 A MINING OPERATION BACK TO ITS ORIGINAL CONFIGURATION
25 AND PRISTINE CONDITION.



1 I FEEL THAT UNDER THE MINE RECLAMATION
2 ACT, WHICH IS ADMINISTERED OBVIOUSLY BY A SEPARATE
3 AGENCY, BUT BEARS SOME STRIKING RESEMBLANCES TO THE
4 ENVIRONMENTAL GOALS FOR THE INTEGRATED WASTE MANAGEMENT
5 BOARD, THAT PROVIDING AN INCENTIVE TO OPERATORS OF
6 FACILITIES THAT ARE GOVERNED UNDER AND HAVE SUBMITTED A
7 MINE RECLAMATION PLAN BE CONSIDERED A HIGHER END
8 ENVIRONMENTAL USE, AND THAT PROVIDING SUCH AN INCENTIVE
9 CAN ONLY LEAD TO THE MORE RAPID RECLAMATION OF THESE
10 FACILITIES.
11 AND QUITE FRANKLY, THE DISCUSSIONS THAT
12 HAVE BEEN GOING ON CONCERNING WHETHER OR NOT A
13 DEMONSTRATED END USE CAN BE FULFILLED UNDER THE CURRENT
14 POLICY, IF NOT IMPOSSIBLE, CERTAINLY HAS BEEN
15 DEMONSTRATED TO BE VERY DIFFICULT TO DO.
16 CONVERSELY. UNDER A MINE RECLAMATION
17 SCENARIO, IF IT WERE INCLUDED IN THE BENEFICIAL END
18 USES, ONE COULD HAVE A GREAT DEAL OF COMFORT, I FEEL,
19 THAT UTILIZATION OF MATERIAL IN MINE RECLAMATION WOULD
20 NOT RUN INTO THE SAME BARRIERS OF NOT BEING ABLE TO
21 DEFINE THE MARKET OR THE END USE FOR THAT COMMODITY.
22 CERTAINLY ECONOMICS WILL DICTATE THE TIME IN THE FUTURE
23 BECAUSE IT'S NOT HERE RIGHT NOW WHEN THE REMEDIATED
24 TIRES HAVE AN ECONOMIC VALUE THAT'S BEYOND THE COST TO
25 RECOVER THEM, AND THEY WILL FLOW TO THAT ECONOMIC END



1 USE WHEN THAT CAN BE DEMONSTRATED.

2 SO WHAT I'D LIKE TO SUBMIT TO YOU TODAY

3 IS THE CONSIDERATION OF DEFINITION OF WASTE SHREDDED

4 TIRES THAT ARE UTILIZED IN ANY FACILITY THAT HAS A MINE

5 RECLAMATION PLAN APPROVED UNDER SMARA BE CONSIDERED A

6 BENEFICIAL END USE. THANK YOU.

7 CHAIRMAN PENNINGTON: QUESTIONS OF MR.

B LARSON?

9 BOARD MEMBER JONES: I HAVE A QUESTION OF

10 STAFF. I THINK IT'S GOT TO GO TO DOROTHY.

11]. CHAIRMAN PENNINGTON: THANK YOU, MR. LARSON.

12 BOARD MEMBER JONES: WE'RE TALKING ABOUT THE

13 SAME THING UNDER THE C&D REGS, RIGHT? HAS THE ISSUE

14 COME UP UNDER THE C&D REGS ABOUT RECLAMATION PLANS,

15 SMARA, AND WHAT'S THE BENEFICIAL USE?

16 MS. RICE: THEY ARE TALKING ABOUT MINE

17 RECLAMATION AND HOW IT RELATES TO THE C&D REGS; AND AT

18 THIS POINT, EVERYTHING IS IN A PRELIMINARY PHASE WITH

19 STILL GETTING INPUT FROM INTERESTED PARTIES, ETC. SO I

20 DON'T WANT TO SAY WHAT THE RECOMMENDED OUTCOME IS AT

21 THIS POINT. I KNOW THERE ARE DRAFTS FLOATING AROUND.

22 IT STRIKES ME AS A FAIRLY SIGNIFICANT

23 ISSUE. CERTAINLY WARRANTS LOOKING AT. BUT WE'VE HAD A

24 NUMBER OF PROPOSALS OVER THE YEARS, SOME OF WHICH BOARD

25 MEMBERS ARE AWARE OF, WHERE SOMEONE WOULD LIKE TO FILL



1 A MINE, A PIT, A QUARRY, A HOLE WITH TIRES. AND THE
2 QUESTION IS IS THAT A TIRE DISPOSAL ACTIVITY, OR IS IT
3 SOMETHING ELSE? AND, YOU KNOW, AT LEAST IN THE
4 INSTANCE OF THE FACILITY MR. LARSON HAS BEEN ASSOCIATED
5 WITH AND TALKING TO THIS BOARD ABOUT, WE'VE APPROACHED
6 THAT, AS YOU KNOW, AS A WASTE TIRE ACTIVITY. THAT'S
7 HOW I WOULD CHARACTERIZE IT. KIND OF AS A RESULT OF
8 THAT COMING FORWARD, WE'RE WORKING ON REGULATIONS FOR
9 MONOFILLING OF TIRES, WHICH AGAIN IS A DISPOSAL
10 FRAMEWORK. WHAT YOU'RE THINKING WHEN YOU'RE
11 MONOFILLING SOMETHING, YOU'RE FILLING -- YOU KNOW
12 BETTER THAN I DO, STEVE, WHAT WE'RE DOING. SO THAT'S
13 BEEN THE FRAMEWORK WE'VE BEEN THINKING.
14 I'M NOT TRYING TO SAY THAT I'M NEGATING
15 WHAT HE HAS SUGGESTED. IT'S JUST THAT I THINK THERE'S
16 SOME SUBSTANTIAL DISCUSSION THAT NEEDS TO OCCUR ABOUT
17 WHAT IS THE DISTINCTION BETWEEN MINE RECLAMATION AND A
18 DISPOSAL ACTIVITY, PARTICULARLY IF YOU ARE GOING TO
19 CALL IT AN END USE OR SAY THAT IT IS A HIGHER USE THAN
20 DISPOSAL WHEN WE'VE TRADITIONALLY THOUGHT OF IT AS A
21 TYPE OF DISPOSAL, ALBEIT MONOFILLING OR SOMETHING ELSE,
22 BUT IT IS A TYPE OF DISPOSAL.
23 BOARD MEMBER CHESBRO: MR. CHAIRMAN.
24 CHAIRMAN PENNINGTON: YES, MR. CHESBRO.
25 BOARD MEMBER CHESBRO: EARLIER BOB SORT OF



1 RAISED A QUESTION AND MR. FRAZEE RAISED A QUESTION IN
2 ONE RESPECT, AND NOW I THINK ANOTHER ONE HAS COME UP IN
3 RELATION TO THIS IN TERMS OF HOW WE DEFINE BENEFICIAL
4 REUSE ON THE TIRE SIDE AND HOW IT'S LINKED TO OR IS IT
5 LINKED TO THE DEFINITION OF THE -- IN AB 939? ARE WE
6 HANGING OUR HAT ON THAT AS WHAT IS OR IS NOT ACTUAL
7 RECYCLING? CAN YOU ELABORATE A LITTLE BIT IN THE CASE
8 OF TIRES HOW WE HAVE DEFINED REUSE?
9 MS. RICE: THE ONLY THING I WOULD SAY IS THAT
10 WHEN WE'RE LOOKING AT TIRES VERSUS SOLID WASTE, THE
11 ONLY DISTINCTION, I THINK, WE DRAW AT ALL IS IN HOW
12 TRANSFORMATION IS VIEWED BECAUSE OBVIOUSLY WE HAVE PUT
13 NO LIMITS IN OUR POLICIES OR TREATMENT AS TO WHETHER
14 BURNING TIRES FOR FUEL OR ENERGY IS A LESSER END USE
15 THAN ANYTHING ELSE. WE'VE DONE NO HIERARCHY SIMILAR TO
16 WHAT IS IN AB 939. AND IN PART I THINK THAT IS BECAUSE
17 THE TIRE STATUTE DOES NOT HAVE A HIERARCHY IN THAT WAY,
18 BUT IN EVERY OTHER WAY WE HAVE TRIED TO BE GUIDED BY
19 COMMON SENSE FROM 939 EXPERIENCE ON WHAT IS RECYCLING
20 AND WHAT IS AN END USE, WHICH TO US MEANS YOU'RE
21 DIVERTING IT FROM THE LANDFILL AND YOU'RE DOING
22 SOMETHING USEFUL WITH IT IN A GENERAL SENSE.
23 IT'S JUST THAT, AS TERRY LEVEILLE POINTED
24 OUT, WE'VE BEEN FRUSTRATED BY THE LACK OF END USES
25 AVAILABLE. THEY HAVE BEEN FAIRLY LIMITED. WE HAVEN'T



1 HAD A LOT OF UNIQUE THINGS COME FORWARD, BUT I WOULD
2 SAY THAT I THINK WE'RE A LITTLE MORE OPTIMISTIC THAN
3 WHAT TERRY DESCRIBED IN THAT WE'RE WORKING ON THE CIVIL
4 ENGINEERING APPLICATIONS AND OTHER THINGS AND HOPE THAT
5 THROUGH THAT KIND OF USE, THERE WILL BE NEW MARKETS AND
6 USES DEVELOPED. SO I DO AGREE WITH MUCH OF WHAT HE
1 SAID, THAT IT IS A FRUSTRATING SITUATION CURRENTLY.
8 BOARD MEMBER CHESBRO: BUT BASICALLY WE DO
9 LINK IT TO THE 939 DEFINITION AS A POLICY MATTER, NOT
10 BECAUSE IT'S IN THE TIRE STATUTE, BUT BECAUSE THAT'S
11]. THE DEFINITION WE USE ON THE 939 SIDE OF THINGS, RIGHT?
12 MS. RICE: RIGHT. THAT'S CORRECT.
13 BOARD MEMBER FRAZEE: I WANTED TO PURSUE WITH
14 MR. LARSON A QUESTION O TWO IF YOU I COULD. I DIDN'T
15 GET A CHANCE.
16 MR. LARSON, THE - - MY UNDERSTANDING OF
17 THE MINE RECLAMATION ACT, THAT THERE ARE A NUMBER OF
18 FACILITIES IN CALIFORNIA THAT ARE GRANDFATHERED IN THAT
19 PREDATE THAT AND ARE NOT REQUIRED TO FILE A RECLAMATION
20 PLAN.
21 MR. LARSON: I'M AWARE, AS IS THE CASE WITH
22 SOLID WASTE STATUTE, THAT IN THAT STATUTE THE
23 GRANDFATHER PROVISIONS ARE APPLIED TO THE SAME KIND OF
24 OPERATIONS. I DC NOT KNOW AND I CAN RESEARCH FOR YOU.
25 BOARD MEMBER FRAZEE: I WAS THINKING



1 SPECIFICALLY OF EAGLE MOUNTAIN AS ONE THAT'S CITED AS
2 ONE THAT IS GRANDFATHERED IN DOES NOT REQUIRE SITE
3 REMEDIATION. BUT I'M WONDERING ABOUT THE FACILITY THAT
4 YOU REPRESENT. IS IT -- IS THERE A REQUIREMENT IN
5 STATUTE FOR THAT SITE TO BE FULLY RECLAIMED, OR IS IT
6 HISTORIC AND DOES IT PREDATE - -
7 MR. LARSON: THERE ARE TWO FACILITIES THAT USA
8 WASTE OPERATES THAT WOULD -- ARE CURRENTLY UNDER THE
9 REQUIREMENTS OF THE SURFACE MINE RECLAMATION ACT, AND
10 BOTH DO HAVE FULLY APPROVED RECLAMATION PLANS. SO THEY
11 WOULD BE -- THEY WOULD BE REQUIRED TO COMPLY WITH ALL
12 EXISTING - - FROM THE ENACTMENT OF THE SURFACE MINE
13 RECLAMATION ACT TO COMPLY WITH ALL PROVISIONS.
14 BOARD MEMBER FRAZEE: BECAUSE THAT'S BEEN
15 DO YOU KNOW HOW LONG THEY HAVE TO COMPLY?
16 MR. LARSON: WELL, GENERALLY THEY'RE NOT -- IF
17 YOU'VE SEEN SOME OF THE OPERATIONS.
18 BOARD MEMBER FRAZEE: TAKE FOREVER AND A DAY.
19 MR. LARSON: WHICH PROVIDES, I THINK,
20 JUSTIFICATION FOR ANY INCENTIVE TO WANT TO EXPEDITE
21 THAT SCHEDULE AS HAVING A BENEFICIAL IMPACT ON THE TIME
22 FRAME FOR PLACEMENT.
23 I MIGHT ADD, TOO, THERE'S CERTAINLY TWO
24 ISSUES RAISED, ONE BY MR. CHESBRO, ONE BY MS. RICE.
25 ONE IS WHEN DOES A FACILITY END BEING A MINE



1 RECLAMATION? WHEN DOES IT BECOME A WASTE TIRE
2 FACILITY? I THINK IN TERMS OF FURTHER CONSIDERATION TO
3 DEFINE WHERE THAT THRESHOLD IS, CLEARLY IT'S NOT --
4 IT'S NOT THE INTENT OR, I DON'T THINK, THE OUTCOME OF A
5 POLICY ESTABLISHED TO PLACE THIS ON A CLASSIFICATION OF
6 BENEFICIAL END USE WOULD ONLY DIRECT TIRES BECAUSE
7 THERE ARE MANY OTHER, AS ARE DEFINED IN THE DIVISION OF
8 MINES AND GEOLOGY'S REGULATIONS, THE KINDS OF MATERIALS
9 THAT ARE ACCEPTABLE FOR UTILIZATION. AND IT CERTAINLY
10 COVERS A BROAD RANGE OF INERT MATERIALS THAT MUST MEET
11 CERTAIN REQUIREMENTS.
12 FOR EXAMPLE, IT WOULD NOT ALLOW OR ENABLE
13 A CIRCUMVENTION OF THE PROHIBITION AGAINST THE DISPOSAL
14 OF WHOLE TIRES IN LANDFILLS. I MEAN IT'S NOT A
15 MATERIAL IN ITS ORIGINAL CONFIGURATION THAT MEETS THE
16 TEST FOR WHAT A FILL MATERIAL WOULD BE IN A MINE
17 RECLAMATION PROJECT EITHER, SO IT'D HAVE TO MEET. AND
18 SHREDDING IS THE MEANS BY WHICH THIS INERT MATERIAL
19 COULD MEET WHAT THE TEST THAT WOULD BE REQUIRED. BUT
20 IT WOULD NOT BE THE ONLY MATERIAL THAT MINES THAT ARE
21 IN THE PROCESS OF RECLAIMING A FACILITY WOULD UTILIZE.
22 TO MR. CHESBRO, IF I MAY REAL QUICKLY, IN
23 REFERENCING THE AB 939 STATUTE, WHICH IS VERY
24 APPROPRIATE, TO THE EXTENT THAT BENEFICIAL END USES,
25 HIGHER END USES, OR RECYCLING CAN OCCUR, THEY SHOULD



1 AND THEY SHOULD OCCUR WITH A PRIORITY, BUT I THINK WHAT
2 WE'RE CONFRONTING HERE, AT LEAST FOR THE TIME UNTIL THE
3 SITUATION, CALL IT, IMPROVES, IT'S BEEN DEMONSTRATED BY
4 THE SEVERAL YEARS OF CONTRACTS AND PROVISIONS OF
5 SUBCONTRACTORS TO RECYCLE X PERCENTAGES, THAT THERE
6 JUST ISN'T THAT RECYCLING AS DEFINED IN AB 939 END USE
7 FOR IT BECAUSE OF THE DIRT AND THE STARTERS AND THE
8 OTHER DEBRIS THAT ARE COMMONLY ASSOCIATED WITH THESE
9 REMEDIATED TIRES
10 SO, YOU KNOW, 939 SHOULD PREVAIL, AND I
11 THINK IT WLL TO THE EXTENT THAT THERE ARE PLACES FOR
12 IT TO GO. IN THE ABSENCE OF PLACES FOR IT TO GO, IT
13 WOULD BE MY PERSONAL CONCERN AND THE CONCERN OF MY
14 CLIENTS THAT A POLICY THAT WOULD ESTABLISH A
15 CONTINUATION OF TIRE PILES AS A PREFERENCE VERSUS OTHER
16 OPTIONS, LIKE UTILIZATION OF SHREDS FOR MINE
17 RECLAMATION, WOULDN'T SERVE THE POLICY AND THE PEOPLE
18 OF CALIFORNIA UNTIL SUCH TIME AS, YOU KNOW, THE ISSUES
19 ARE RESOLVED.
20 BOARD MEMBER FRAZEE: THE POINT THAT I'M
21 TRYING TO GET TO HERE IS IF WE WERE TO CONSIDER MINE
22 RECLAMATION AS AN END USE, THEN WE HAVE TO BE VERY
23 CAREFUL ABOUT THE TYPES OF FACILITIES THAT THAT GOES TO
24 BECAUSE I CAN SEE THAT WOULD OPEN UP A WHOLE RANGE OF
25 WHAT MIGHT BE DETERMINED TO BE RECLAMATION, AND EVEN



1 SOME LANDFILLS MAY FALL IN THE RECLAMATION CATEGORY.
2 AND I THINK WE'D HAVE TO BE VERY CAREFUL AT STEPPING
3 OVER THAT LINE.
4 MR. LARSON: THAT'S WHY --
5 BOARD MEMBER FRAZEE: IF, IN FACT, WE DO IT.
6 MR. LARSON: I THINK IN MY PRESENTATION I
7 SUGGESTED THAT ONLY FACILITIES THAT HAVE AN APPROVED
8 PLAN FOR RECLAMATION OF A MINE OPERATION BE DEEMED THE
9 APPROVED OR AVAILABLE FACILITIES FOR THIS HIGHER END
10 USE.
11 BOARD MEMBER FRAZEE: AND THERE ARE OTHERS
12 OTHER THAN THE ONE THAT YOU REPRESENT IN CALIFORNIA
13 THAT ARE DOING THAT AND TAKING OTHER INERTS ALSO AND
14 LOOK LIKE A LANDFILL WHEN YOU LOOK AT THEM. SO THAT
15 GOES BACK TO MY QUESTION EARLIER WAS HAVE WE
16 ESTABLISHED A LIST, AND WHERE IS THE BOUNDARY ON THAT?
17 AND I THINK THAT'S GOING TO BE SOMETHING THAT WE'RE
18 GOING TO HAVE TO CONSIDER SERIOUSLY BEFORE WE DECIDE
19 THAT IS AN APPROPRIATE OPTION.
20 BOARD MEMBER CHESERO: ACTUALLY, MR. FRAZEE'S
21 COMMENTS PRETTY MUCH COVERED WHAT I WAS ABOUT TO SAY.
22 CHAIRMAN PENNINGTON: THANK YOU, MR. LARSON.
23 DENISE KENNEDY.
24 MS. KENNEDY: HELLO. I'M DENISE KENNEDY WITH
25 WASTE RECOVERY. WASTE RECOVERY PROVIDES ABOUT TWO



1 MILLION TIRES TO CALAVERAS CEMENT IN REDOING,
2 CALIFORNIA. WE ALSO TAKE SOME NEW GENERATION TIRES
3 INTO MELP, A VERY SMALL PERCENT, WHEN THE PLANT IS
4 DOWN, SO WE DID FIND AN ALTERNATIVE END USE.
5 ONE OF THE REASONS THAT I WANTED TO SPEAK
6 UP IS I REALLY WANTED TO CONCUR WITH STEVE JONES IN THE
7 INTEREST OF HAVING ALL CONTRACTORS' BIOS BE EVALUATED
8 AND HAVING - - FOLLOWING THE CONTRACT THAT THEY SAY
9 THEY'RE GOING TO DO.
10 OUR COMPANY HAS NINE FACILITIES AROUND
11 THE COUNTRY AND HAS CLEANED UP OVER 15 MILLION TIRES.
12 SEVEN YEARS AGO I WAS HIRED BY WASTE RECOVERY TO CLEAN
13 UP TIRE PILES AND HAVE MYSELF HIRED OVER A 150
14 INDIVIDUALS AT 22 DIFFEENT SITES AND OVER 3 MILLION
15 TIRES. SO I KNOW WHAT IT TAKES TO MEET THE DEMANDS.
16 WHAT WE HAVE ALWAYS COMPETED WITH EVERY
17 SINGLE TIME IS SOMEBODY, A COMPANY COMES IN AND SAYS WE
18 WILL DO THIS AND WE WILL DO THAT, AND 85 PERCENT OF
19 THEM HAVE NEVER DONE IT. I BELIEVE IN WASHINGTON AND
20 OREGON WE'RE PROBABLY ONE OF THE FEW COMPANIES THAT HAS
21 EVER DONE WHAT WE SAID WE WERE GOING TO DO WITH THE
22 TIRES.
23 AND SO, THEREFORE, IT GOT AFTER A WHILE
24 WHERE WE WERE NOT EVEN COMPETITIVE ANYMORE BECAUSE THEY
25 COULD GO IN, BID IT AT A LOW RATE, AND THEN COME BACK,



1 CHANGE THEIR END USE, FIND AN END USE, MANY OF THEM
2 DIDN'T HAVE END USES. SOME OF THEM GOT TO DO SHREDS
3 RIGHT OUT IN FRONT OF THEIR SITE AND CALL IT A ROAD.
4 SO WE HAVE BEEN THROUGH THAT. SO I PREFER THAT THERE
5 ARE NOT -- LET ME PUT IT THIS WAY. THERE AREN'T A LOT
6 OF END USES. THERE'S NO QUESTION ABOUT IT. SO ANY
7 CLEANUP WE HAVE IS GOING TO BE DRIVEN BY ECONOMICS OF
8 WHAT THE GEOGRAPHIC LOCATION IS, WHERE IS THE NEAREST
9 END USE. IT MIGHT HAVE TO BE LANDFILLING OR
10 ALTERNATIVE DAILY COVER OR SOMETHING THAT'S CLOSER
11 BECAUSE THE MINUTE YOU TRY TO GO OUT AND REACH AN END
12 USE, THE TRANSPORTATION ALONE MAY MAKE IT COST
13 PROHIBITIVE.
14 AND SO THAT KIND OF IS GOING TO GUIDE
15 WHAT'S GOING TO HAPPEN, BUT I STILL WOULD LIKE TO SEE
16 THE CONTRACTOR BE HELD ACCOUNTABLE. I ALSO THINK IT
17 PUTS MORE RESPONSIBILITY BACK ON WHOEVER IS GOING TO BE
18 THE SUKUT OR WHOEVER THE NEW COMPANY MAY BE OR IF IT'S
19 SUKUT AGAIN, PUTS MORE RESPONSIBILITY ON THEM TO BE
20 AWARE OF WHAT IS GOING ON IN THE TIRE INDUSTRY, TO KNOW
21 WHAT THE END USES ARE, TO HAVE A LIST TO SAY THESE ARE
22 THE LEGAL END USES. AND OF ALL THE CLEANUPS WE'VE EVER
23 DONE, I HAVE NEVER SEEN CLEANUPS TO BE, IN MY OWN
24 EXPERIENCE, A MARKETPLACE FOR NEW MARKETS. IT JUST
25 ISN'T. AND WHEN WE TALK ABOUT THAT BEING THE



1 POSSIBILITY, LET'S GO OUT AND FIND NEW MARKETS, WE'VE
2 GOT CLEANUPS, WE'VE GOT NEW IDEAS, IT NEVER HAS
3 SUCCEEDED IN BEING COST-EFFECTIVE OR SUCCEEDED DURING
4 THE DURATION OF A CLEANUP. A SMALL CLEANUP, YES, BUT
5 NOT A
6 SO I JUST WANTED TO KIND OF PUT THOSE
7 POINTS INTO IT. AND ANOTHER THING TOO, ON TIRES, AS
8 MOST OF YOU KNOW, THE CEMENT PLANTS DO NOT USE JUST
9 CALIFORNIA TIRES. AND SO WE ALL COMPETE WITH SHREDDING
10 AND LANDFILLING OPTIONS, WHICH IS, AS MOST OF YOU KNOW,
11 WE DON'T ALL LIKE THAT. SO IT WILL COST PROBABLY MORE
12 TO GO TO CEMENT PLANTS IN MOST CASES ONLY BECAUSE THE
13 TRANSPORTATION AND POSSIBLY THE DISPOSAL FEE IS A
14 LITTLE BIT HIGHER. I CAN'T SAY BECAUSE SOMETIMES THE
15 LANDFILLING IS NOT VERY EXPENSIVE. IT VARIES ALL OVER
16 THE PLACE, AND THE RATES ARE GOING UP IN SOME OF THEM
17 RIGHT NOW. I JUST WANTED TO MAKE THOSE POINTS.
18 CHAIRMAN PENNINGTON: THANK YOU. ANY
19 QUESTIONS OF MS. KENNEDY? ED TOMEO.
20 MR. TOMEO: MORNING, BOARD. MY NAME IS ED
21 TOMEO, REPRESENTING UNITED AMERICAN ENERGY. THANK YOU
22 FOR THE OPPORTUNITY TO SPEAK
23 I'M REALLY TO A DEGREE GOING TO ECHO DENISE'S
24 SENTIMENTS, THAT I BELIEVE A BOARD POLICY
25 THAT WILL ASSURE AN END USE AS PART OF A CONTRACTUAL



1 RESPONSIBILITY IN ORDER TO GAIN A CONTRACTUAL BENEFIT
2 OF 30 PERCENT ON REMEDIATION MAKES A LOT OF SENSE. AND
3 IF THE COMPANY THAT HAS CONTRACTED THAT OBLIGATION
4 FAILS TO PERFORM, I THINK THERE SHOULD BE A PROVISION
5 IN THE CONTRACT FOR PENALTY RATHER THAN PERHAPS WHAT
6 WAS MENTIONED HERE WAS FAIL -- YOU KNOW, YOU JUST DON'T
7 PAY THEM FOR NONPERFORMANCE. THAT PROBABLY DOES CREATE
8 THE OPPORTUNITY FOR MORE LEGAL WRANGLING. I THINK YOU
9 JUST CONTRACT RIGHT UP FRONT, THAT THERE'S SOME FORM OF
10 REDUCTION IN PAYMENT, WHETHER IT BE THE 30-PERCENT
11 PREMIUM OR MAYBE AN ADDITIONAL LIQUIDATED DAMAGE
12 CLAUSE. AND I THINK IT SHOULD BE ABLE TO IMPLEMENT
13 THAT STRATEGY PRETTY EFFECTIVELY.
14 THE SECONO ISSUE, WHICH IS MORE OF A
15 PUBLIC POLICY MATTER AT HAND, THE STATE OF CALIFORNIA
16 HAS THE INTEREST IN REUSING OR RECYCLING WASTE
17 MATERIAL. AND I THINK WE'RE GOING DOWN A SLIPPERY
18 SLOPE AS YOU BEGIN TO LOOK AT USES FOR TIRES OR, FOR
19 THAT MATTER, ANY OTHER PRODUCT - - YOU COULD INSERT
20 PAPER IN THESE ARGUMENTS TO A DEGREE -- THAT BEGINS TO
21 CALL RECYCLING PLACING THIS MATERIAL IN A DUMP.
22 WE HAVE DISCUSSED IN THESE BOARD MEETINGS
23 ON NUMEROUS OCCASIONS THAT ONE OF THE BIGGEST
24 IMPEDIMENTS TO RECYCLING THE MATERIAL IS THE ECONOMIC
25 ENGINE. YOU NEED THE ECONOMIC MOTIVATION TO GET THIS



1 INTO AN END USE. AND AS WE INTRODUCE LOW COST
2 ALTERNATIVES AND, IN FACT, THROWING IT AWAY IN A DUMP
3 AS AN ALTERNATIVE DAILY COVER IS ACTUALLY LESS
4 EXPENSIVE THAN THROWING IT AWAY IN THE DUMP AS A WASTE
5 TIRE BECAUSE THE DUMPS ARE NOW BEING ABLE TO UTILIZE
6 THAT FOR THEIR AB 939 ADVANTAGE. WE'RE ACTUALLY
7 EXACERBATING THE PROBLEM OF TRYING TO RECYCLE TIRES.
8 AND AS A COMPANY THAT CURRENTLY RECYCLES
9 SIX MILLION TIRES A YEAR, AND AS I HAVE MENTIONED TO
10 SOME OF THE BOARD MEMBERS PREVIOUSLY, WE ARE VERY
11 SERIOUSLY EVALUATING GETTING INTO ADDITIONAL END USES
12 OF TIRES.
13 I THINK THAT ONE OF MY BIGGEST CONCERNS
14 AS A BUSINESS PROSPECT OR CRUMB RUBBER OR, FOR THAT
15 MATTER, OTHER TIRE-DERIVED FUEL UTILIZATION IS THROWING
16 THESE TIRES AWAY. AND TO ME ALTERNATIVE DAILY COVER
17 APPLICATIONS OR FILLING IN A MINE AS A MINE
18 REMEDIATION, YOU'RE SUBSTITUTING A VALUABLE RESOURCE,
19 WHICH IS THE ENERGY AND/OR RAW MATERIALS IN THESE
20 TIRES, AND SAYING THAT IT'S EQUIVALENT OF DIRT BECAUSE
21 THAT'S THE ALTERNATIVE FOR THE PEOPLE THAT WANT TO
22 COVER THEIR LANDFILLS OR FILL IN THEIR MINES. AND I
23 DON'T THINK THAT'S CONSISTENT WITH CALIFORNIA PUBLIC
24 POLICY TO START EQUATING THAT KIND OF PRODUCT AS DIRT.
25 AND IMAGINE THE SAME THING WITH RECYCLING OF PAPER. IF



1 WE SAID, WELL, THE LOW COST ALTERNATIVE FOR RECYCLED
2 PAPER ACTUALLY IS TO USE IT AS AN ALTERNATIVE DAILY
3 COVER, I THINK PEOPLE WOULD BE AGHAST AT THAT MOTION
4 BASICALLY.

5 BOARD MEMBER CHE5BRO: NOT TO DISAGREE WITH
6 YOU, BUT THE ECONOMICS OF PAPER RECYCLING ARE A LITTLE
7 DIFFERENT THAN THE ECONOMICS OF TIRES.

8 MR. TOMEO: THE ECONOMIC ENGINE IS THERE, AND
9 WE'RE TRYING TO GET THAT ECONOMIC MOTIVATION HERE FOR
10 THE TIRES. SO THANK YOU.

11 CHAIRMAN PENNINGTON: ANY QUESTIONS OF MR.
12 TOMEO?

13 BOARD MEMBER JONES: NO. HE'S -- ED AND I HAD
14 THIS DISCUSSION. HE'S NEVER HAD TO BUY A MOUNTAIN TO
15 COVER UP GARBAGE AND DOESN'T UNDERSTAND THAT IT IS A
16 HECK OF LOT EASIER TO USE AN ALTERNATIVE THAN TO BUY A
17 MOUNTAIN BECAUSE NOT EVERYBODY CAN BUY MOUNTAINS.

18 MR. CHAIRMAN, A FEW OF THE THINGS THAT
19 CAME FORWARD TODAY TALKING IN THIS THING, I THINK WE
20 HAD A DISCUSSION A LONG TIME AGO OR EARLY ON WHERE I
21 HAD ASKED IF THE SWIS SYSTEM COULD ACCOMMODATE THE IDEA
22 OF LOOKING AT REGIONAL -- OF TAILORING THE CLEANUP
23 PROGRAMS, THE 2136 AND TIRE CLEANUP PROGRAMS,
24 ESPECIALLY THE TIRE CLEANUP PROGRAMS, TO A REGIONAL
25 AREA WHERE WE'VE IDENTIFIED MORE THAN ONE END USE AND



1 WE'VE IDENTIFIED PILES TO TRY TO MINIMIZE THE
2 TRANSPORTATION COSTS AND THOSE TYPES OF THINGS SO THAT
3 WHEN A BID GOES OUT, IT'S NOT WE GOT A PILE HERE AND WE
4 GOT THIS OVER HERE AND WE GOT THAT THERE, BUT WE'RE
5 ACTUALLY CONCENTRATING AN AREA SO THAT WE CAN GET SOME
6 ECONOMIC VALUE AS FAR AS TO, YOU KNOW, AS FAR AS
7 MINIMIZING TRANSPORTATION COSTS AND END-USE OPTIONS,
8 WHETHER IT BE LANDFILL OR WHATEVER IT IS.
9 BUT I'D LIKE TO SEE THAT CONVERSATION OR
10 WORK GO ON. I MEAN I THINK THAT THERE IS VALUE IN WHEN
11 WE LOOK AT THE 30 PERCENT AS A MARKET, IS IT A MARKET
12 DRIVER? AND SOME PEOPLE ARE SAYING, YOU KNOW, LET'S
13 LOOK AT THAT AGAIN. I THINK THE BIGGEST MARKET DRIVER
14 IS THAT WHEN WE GET RID OF 34 MILLION TIRES THAT ARE IN
15 PILES THROUGHOUT THIS STATE AND WE HAVE WEDDED THE
16 TASTE AND THE USE OF SOME OF THOSE TIRES INTO
17 FACILITIES THAT NORMALLY WOULDN'T HAVE USED THEM, WHEN
18 THOSE TIRES PILES GO AWAY, THERE HAS BEEN A MARKET
19 ESTABLISHED THAT ARE GOING TO NEED TIRES COMING OUT OF
20 THE DAILY FLOW. BUT AS LONG AS WE HAVE THAT SUPPLY OF
21 34 MILLION TIRES, PLUS THAT 30, WE'RE NOT THERE.
22 SO MAYBE IT IS A QUESTION: HOW DO WE
23 SPEND THE MONEY? YOU KNOW, BUT I THINK WE NEED TO KEEP
24 PROMOTING THE 30 PERCENT.
25 WHEN GEORGE WAS TALKING ABOUT THE



1 MONOFILLING, THE ONLY REASON I BROUGHT UP THE ISSUE OF
2 END USE ON THE C&D REGS IS THEY RUN PARALLEL. I MEAN
3 PEOPLE HAVE HAD THE SAME KINDS OF DISCUSSIONS OVER THE
4 YEARS AS TO IF YOU ARE DOING A REMEDIATION OF A QUARRY
5 AND YOU'RE USING INERT MATERIAL, ISN'T THAT A GOOD
6 USE? I DON'T EVEN WANT TO GO IN THERE. I DON'T EVEN
7 WANT TO GO DOWN THAT ROAD. BUT IT'S SOMETHING WE'RE
8 GOING TO HAVE TO TALK ABOUT ONE DAY, AND IT PARALLELS
9 THE TIRE ISSUE. WE NEED TO BE CAREFUL ABOUT THAT
10 BUT I THINK THAT, YOU KNOW -- I MEAN I
11 DON'T HAVE A PROBLEM WITH REMOVING MY SUGGESTION
12 EARLIER WHERE SUKUT WOULD GO AFTER THE FACT. I MEAN IF
13 PEOPLE HERE THINK THAT THAT'S AT LEAST A GOOD START FOR
14 THE NEXT YEAR, MAYBE IT IS. YOU KNOW, MAYBE THAT'S
15 OKAY, BUT I REALLY WOULD LIKE TO HAVE SOME PEOPLE THINK
16 ABOUT THE IDEA OF INCLUDING IT AS A CONTRACT CONDITION,
17 THAT IF SOMEBODY'S GOING TO SAY THEY'RE GOING TO USE
18 IT, THEN THE BURDEN IS ON THEM TO USE IT, PURE AND
19 SIMPLE.

20 CHAIRMAN PENNINGTON: OKAY. WELL, MOTION
21 TIME. WE ACTUALLY HAVE TWO MOTIONS TO BE MADE, SO WE
22 COULD AUGMENT THE '96'97, AND THEN THE POLICY ISSUE,
23 WE COULD PUT OVER IF THAT'S -- YOU WANT FURTHER
24 DISCUSSION. OR WE CAN LISTEN TO THE MOTION.

25 BOARD MEMBER JONES: MR. CHAIRMAN, I GOT TO



1 MAKE SURE I GOT THE RIGHT ONE. I MESSED THIS UP AT
2 COMMITTEE MEETING. OKAY.ON THE AMENDMENT TO THE
3 SUKUT CONSTRUCTION CONTRACT, I'D LIKE TO PROPOSE
4 RESOLUTION 98-56
5 CHAIRMAN PENNINGTON: ADOPTION OF THAT?
6 BOARD MEMBER JONES: ADOPTION OF THAT
7 RESOLUTION
8 MEMBER FRAZEE: SECOND
9 CHAIRMAN PENNINGTON: OKAY. IT'S MOVED AND
10 SECONDED THAT WE ADOPT RESOLUTION 98-56, WHICH IS THE
11 CONSIDERATION OF ALLOCATION OF THE '97-'98 FUNDING
12 UNDER THE WASTE TIRE STABILIZATION ABATEMENT ACT. IF
13 THERE'S NO FURTHER QUESTIONS, WILL THE SECRETARY CALL
14 THE ROLL.
15 THE SECRETARY: BOARD MEMBER CHESBRO.
16 BOARD MEMBER CHESBRO: AYE
17 THE SECRETARY: EATON.
18 BOARD MEMBER EATON: AYE
19 THE SECRETARY: FRAZEE.
20 BOARD MEMBER FRAZEE: AYE.
21 THE SECRETARY: JONES
22 BOARD MEMBER JONES: AYE
23 THE SECRETARY: CHAIRMAN PENNINGTON
24 CHAIRMAN PENNINGTON: AYE MOTION CARRIES.
25 BOARD MEMBER JONES: I'D LIKE TO



1 TAKE A STAB AT THIS. I WOULD LIKE TO MOVE A MOTION, A
2 RESOLUTION THAT I'M NOT SURE WHERE WE'RE GOING TO BE
3 ABLE TO INSERT SOME THINGS THAT INCLUDES THE POLICY,
4 CONTRACTS -. I DON'T HAVE A PROBLEM WITH SUKUT DOING
5 THE DETERMINATION FOR THE FIRST PART OF THE YEAR, BUT I
6 WOULD LIKE TO INCLUDE A SUBCONTRACTOR CONDITION THAT,
7 IN FACT, IF THEY AGREE TO A TIRE PILE CLEANUP THAT HAS
8 A REUSE, THAT THE BURDEN IS ON THEM TO FIND THE REUSE
9 MARKET IF THEIR ONE MARKET DRIES UP. AND THE REMEDY
10 FOR THAT, I THINK, COULD BE THE -- IF THEY DO FAIL TO
11 DO THAT, THEY'D LOSE THAT 30 PERCENT, AND THEY WOULD
12 LOSE A PORTION OF THEIR LANDFILL ALTERNATIVE TO THE
13 TUNE OF 10 PERCENT OR 5 PERCENT. FIVE PERCENT. I
14 THINK THAT WILL CUT THE CONTINGENCY A LITTLE BIT.
15 MR. FUJII: FIVE PERCENT OF THE TOTAL AMOUNT
16 SENT TO THE LANDFILL FOR THAT PARTICULAR PROJECT.
17 BOARD MEMBER JONES: IF THEY BID AT 50 CENTS,
18 THEN IT WOULD BE, TAKE 5 PERCENT OFF OF THAT, IT WOULD
19 BE, YOU KNOW, 48 AND A HALF, 47 AND A HALF. AND THEY'D
20 LOSE THAT 30-PERCENT INCENTIVE OBVIOUSLY. FIVE PERCENT
21 MAY BE TOO LITTLE, BUT I'M AFRAID IF WE MAKE IT TOO
22 MUCH MORE, THEIR BID PRICES WILL REFLECT THAT.
23 CHAIRMAN PENNINGTON: OKAY. WE HAVE A MOTION.
24 WE NEED A SECOND.
25 BOARD MEMBER CHESBRO: I'LL SECOND IT.



1 CHAIRMAN PENNINGTON: OKAY. IT'S BEEN
2 SECONDED. ARE YOU CLEAR ON THE MOTION?
3 MR. CHANDLER: STAFF, ARE YOU CLEAR? THIS IS
4 OUR OPPORTUNITY TO GET FURTHER CLARIFICATION.
5 MS. RICE: I BELIEVE WE ARE. DO YOU HAVE ANY
6 QUESTIONS, BOB? I THINK IT MAKES SENSE.
7 MR. FUJII: I THINK WE'RE CLEAR ON IT.
8 BOARD MEMBER FRAZEE: I'M JUST TRYING TO GET
9 THIS STRAIGHT IN MY MIND. THE -- THIS SITUATION, THE
10 SUBCONTRACTOR'S BID WOULD BE, SAY, THAT IT WAS SPLIT
11 BETWEEN END USE AND LANDFILLING AND THEY DIDN'T MAKE
12 THAT PERCENTAGE, THE 5 PERCENT WOULD ONLY APPLY TO THE
13 DIFFERENCE BETWEEN WHAT THEY PUT INTO THE END USE
14 AND WHAT THEY LANDFILL?
15 BOARD MEMBER JONES: YEAH. THEY'D LOSE THE
16 30-PERCENT INCENTIVE AND --
17 BOARD MEMBER FRAZEE: THERE'D BE A 5-PERCENT
18 PENALTY.
19 BOARD MEMBER JONES: THEY'D BE OFF OF THAT
20 SECTION -- OFF OF THAT PORTION THAT --
21 BOARD MEMBER FRAZEE: NOW, IS -- THE POLICY AS
22 IT'S WRITTEN HERE, I UNDERSTAND, PUTS THAT ENTIRE
23 BURDEN ON THE PRIME CONTRACTOR, AND THIS IS PUTTING --
24 IS SHIFTING THAT OVER TO THE SUB.
25 MS. RICE: IT'S CURRENTLY A SHARED OBLIGATION,



1 BUT THIS MAKES IT STRONGER BECAUSE THE POLICY LANGUAGE
2 YOU HAVE IN FRONT OF YOU REFERS REPEATEDLY TO
3 CONTRACTOR OR SUBCONTRACTOR. I THINK THE ADDITION THAT
4 MR. JONES IS SUGGESTING ADDING IS THAT, FURTHERMORE,
5 THE SUBCONTRACTOR IS OBLIGATED TO DELIVER ON THAT END
6 USE; AND IF THEY DO NOT, THE CONSEQUENCE IS THEY LOSE
7 THE DIFFERENTIAL AND THEY ARE PENALIZED 5 PERCENT --
8 THIS IS THE POINT WE WANT TO MAKE SURE WE UNDERSTAND --
9 JUST ON THAT AMOUNT THAT WOULD HAVE GONE TO END USE,
10 BUT IS LANDFILLED?
11 BOARD MEMBER JONES: YES. THE LANDFILL RATE
12 WOULD STAY THE SAME THAT THEY BID. THAT DIFFERENTIAL
13 RATE WOULD, YOU KNOW --
14 MS. RICE: JUST FOR THOSE TIRES THAT SHOULD
15 HAVE GONE TO END USE UNDER THEIR BID.
16 BOARD MEMBER CHESBRO: STEVE, YOU'VE DROPPED
17 THE PORTION OF YOUR ORIGINAL SUGGESTION THAT WOULD HAVE
18 CHANGED STAFF'S RECOMMENDATION ABOUT HAVING THE PRIME
19 CONTRACTOR DETERMINE THE RECYCLING RATE?
20 BOARD MEMBER JONES: YEAH. I THINK IN
21 THINKING ABOUT IT AND LISTENING TO THE DISCUSSIONS, I
22 THINK I DON'T HAVE A PROBLEM WITH THEIR -- WITH THAT --
23 WITH THAT REMEDY. THAT'S WHAT WE HAD TALKED ABOUT AT
24 THE COMMITTEE WAS LETTING THEM IDENTIFY IT. IT'S JUST
25 WHEN I SAW IT IN BLACK AND WHITE, I THOUGHT THERE WOULD



1 BE SOME OPPORTUNITY. BUT THE TWO CHANGES -- YOU KNOW,
2 THE CHANGES WE'RE MAKING, PROBABLY, I HOPE, WILL BE
3 ENOUGH TO GET US THROUGH THE NEXT YEAR; AND THEN IF WE
4 HAVE TO CHANGE IT AGAIN --

5 BOARD MEMBER CHESBRO: I STILL WOULD PREFER
6 THAT WE TRY TO HAVE THAT MAXIMUM INCENTIVE FOR FOLKS TO
7 COME UP WITH WAYS TO, YOU KNOW, GET AS HIGH A
8 PERCENTAGE AS POSSIBLE, BUT I'LL STILL SUPPORT THE
9 MOTION.

10 BOARD MEMBER FRAZEE: I THINK IT'S STILL
11 THERE.

12 BOARD MEMBER JONES: DO WE NEED TO --

13 BOARD MEMBER CHESBRO: I'LL SUPPORT THE
14 MOTION.

15 MR. CHANDLER: I'M A LITTLE CONFUSED. IF THE
16 CONTRACTOR, THE PRIME CONTRACTOR, SET A THRESHOLD, I
17 KNOW SOME HAVE SUGGESTED TONNAGE, OTHERS HAVE SAID
18 PERCENTAGES, BUT FOR THE SAKE OF THIS DISCUSSION, LET
19 ME SAY 50 PERCENT IDENTIFIED BY THE PRIME CONTRACTOR.
20 IF THE SUBCONTRACTOR COMES IN AND SAYS I CAN RECYCLE OR
21 GET TO REUSE 70 PERCENT OF THIS PILE, NOW, IT'S YOUR
22 POSITION, MR. CHESBRO, THAT IF HE FAILS TO DO THAT,
23 THEN IT SEEMS TO ME MR. JONES' AMENDMENTS WILL DEAL
24 WITH HOW HE IS PENALIZED 5 PERCENT FOR THAT PERCENTAGE
25 THAT DOESN'T MEET THE 70-PERCENT THRESHOLD. SO THERE



1 WILL BE AN OPPORTUNITY FOR THE SUBCONTRACTORS TO EXCEED
2 THE MINIMUM THRESHOLD.

3 MS. RICE: THE DISTINCTION WOULD BE, AS WE
4 UNDERSTAND IT, THE LANGUAGE WE HAD PROPOSED TODAY IN
5 THE MODIFIED POLICY WOULD SAY THAT THERE IS A
6 PERCENTAGE SET BY THE PRIME CONTRACTOR. SAY IT'S 50
7 PERCENT UNDER YOUR EXAMPLE. ALL BIDDERS MUST BID ON
8 THE SO PERCENT SO THAT IT IS AN EVEN PLAYING FIELD.
9 IF THEN, ONCE THE SUBCONTRACTOR IS
10 CHOSEN, THEY'RE ABLE TO DO 70 PERCENT, THEN THEY GET
11 THE DIFFERENTIAL FOR THAT INCREASED COST, BUT THEY ALL
12 BID ON THE SAME PLAYING FIELD.

13 BOARD MEMBER CHESBRO: THERE'S STILL AN
14 INCENTIVE THERE, THOUGH, FOR THE SUBCONTRACTOR TO GO
15 HIGHER.

16 MR. CHANDLER: AND THAT AVOIDS THE 70 VERSUS
17 60 VERSUS 55 AND THEN THE PERFORMANCE THEREAFTER THAT
18 ALWAYS GETS SQUIRRELLY WHEN THEY DON'T MEET THOSE
19 PERCENTAGES.

20 BOARD MEMBER JONES: OKAY. BUT I HAVE A
21 QUESTION ABOUT THAT. WE HAVE ALLOCATED X AMOUNT OF
22 DOLLARS TO DO A CLEANUP BASED ON THE PROPOSALS. IF THE
23 CONTRACTOR AND THE SUBCONTRACTOR -- LET'S SAY THAT
24 SUKUT AND THE BOARD HAS SAID SO PERCENT IS A REASONABLE
25 NUMBER TO - - FOR REUSE AND RECYCLING. THAT ALLOCATION



1 OF FUNDS IS GOING TO BE BASED ON THAT SECTION PLUS THE
2 LANDFILLING SECTION. THE INCENTIVE COULD TAKE A --
3 COULD TAKE A \$100,000 PROJECT AND TURN IT INTO
4 CONSIDERABLY MORE IF THEY DID A HUNDRED PERCENT. I'M
5 NOT SURE -- I'M NOT -- I DON'T KNOW ABOUT GOING THERE
6 WITHOUT -- WITHOUT KNOWING HOW WE'RE GOING TO DEAL WITH
7 THAT ADMINISTRATIVELY BECAUSE WE MAY END GOING UP OVER
8 BUDGET ON A CLEANUP.
9 BOARD MEMBER CHESBRO: WHERE IS THE MONEY
10 GOING TO COME FROM IF IT --
11 MR. FUJII: WE BRING THESE PROJECTS FORWARD
12 WITH AN ESTIMATED DOLLAR AMOUNT BEFORE THE COMMITTEE
13 AND BEFORE THE BOARD FOR APPROVAL. AND IF IT EXCEEDED
14 THAT AMOUNT SIGNIFICANTLY, WHAT WE WOULD DO, WHAT WE
15 WOULD PROPOSE, WE WOULD KNOW THAT RIGHT UP FRONT WHEN
16 THE BIDS CAME IN IF THAT WAS GOING TO HAPPEN UNLESS
17 THERE WERE SOME CIRCUMSTANCE WE JUST DIDN'T KNOW ABOUT,
18 BUT WE WOULD PROBABLY BRING THOSE PROJECTS BACK BEFORE
19 THE COMMITTEE OR BOARD.
20 BOARD MEMBER CHESBRO: SO WE'VE CREATED A
21 FLOOR, BUT NOT A CEILING. THERE HAS TO BE A BID AT A
22 CERTAIN AMOUNT, BUT IT CAN GO OVER THAT -- THEY CAN
23 COME IN AND SAY THAT THEY'RE GOING TO DO MORE THAN
24 THAT.
25 MR. FUJII: BUT THE MAXIMUM AMOUNT IS



1 ESTABLISHED BY THE POLICY, THE 130 PERCENT OF THE
2 LOWEST COST OPTION ANYWAY, SO WE'LL KNOW WHAT THE
3 MAXIMUM IS GOING IN
4 BOARD MEMBER EATON: MR. CHAIR, I HAVE A
5 QUESTION, IF I MAY
6 CHAIRMAN PENNINGTON: CERTAINLY, MR. EATON.
7 BOARD MEMBER EATON: ON THE OTHER END OF THE
8 SPECTRUM, TO WHOSE BENEFIT DOES THE 5-PERCENT PENALTY
9 ACCRUE? TO THE BOARD UNDER THE CONTRACT SINCE IT'S A
10 SET FEE? IS IT A SET FEE AND IT'S RETURNED UNDER THE
11 CONTRACT?
12 MS. RICE: I WOULD ASSUME TO THE BOARD, AND
13 THAT WE WOULD JUST PAY LESS FOR THE WORK, SO WE WOULD
14 HAVE MORE MONEY REMAINING IN THE CONTRACT TO DO MORE
15 TIRE CLEANUP ELSEWHERE
16 BOARD MEMBER EATON: SO THE AFFIRMATIVE
17 OBLIGATION IS THEN UPON THE PRIME CONTRACTOR TO NOTIFY
18 THE BOARD THAT THE 5 PERCENT --
19 MS. RICE: RIGHT. WE WORK VERY CLOSELY WITH
20 THE PRIME CONTRACTOR IN TERMS OF TRACKING HOW THE
21 CLEANUP IS GOING AND WHERE THE TIRES ARE GOING TO GO
22 AND WHAT IT'S GOING TO COST JUST SO THAT WE CAN ANSWER
23 QUESTIONS LIKE YOU ASKED OF WHAT IF WE'RE OVER BUDGET?
24 DO WE NEED TO COME BACK TO THE BOARD? AND WE TRIED TO
25 BUILD IN A PRETTY HEALTHY MARGIN OF ERROR, AND YOU



1 PROBABLY NOTICED SOME OF THE CLEANUP PRICES ARE PRETTY
2 INFLATED FOR THAT REASON SO THAT WE HAVE A MARGIN TO
3 WORK WITHIN.
4 MR. LEVEILLE: EXCUSE ME. COULD I REITERATE
5 JUST A MINOR ISSUE AS RATHER THAN THE PERCENTAGE ON A
6 JOB, DEAL WITH TONNAGE? YOU'RE DEALING WITH -- IF YOU
7 SAY A JOB, SAY, OF 10,000 TIRES, 50 PERCENT CAN BE
8 RECYCLED AND THEN ALL OF THE SUDDEN THEY DISCOVER, AS
9 WE HAVE SEEN, YOU KNOW, 10,000 MORE TIRES, JUST FOR, I
10 THINK, FOR BIDDER'S EASE AND FOR PROBABLY STAFF'S EASE,
11 IF YOU DEAL WITH TONNAGE OF TIRES THAT CAN GO TO AN END
12 USE.

13 BOARD MEMBER JONES: I JUST WANT TO ASK A
14 QUESTION, MR. CHAIRMAN. IF THEY FIND TIRE - - AND I
15 THINK THE TIRES YOU'RE TALKING ABOUT WERE BURIED,
16 RIGHT? SO THEY WEREN'T EVEN PART OF WHAT THE ORIGINAL
17 BID PROCESS WAS. SO IF WE SAY 50 PERCENT ABOVE
18 WHAT'S -- YOU KNOW WHAT I MEAN?

19 MR. LEVEILLE: ONLY REASON WHY I SAY TONNAGE
20 15 BECAUSE SOMETIMES IT'S DIFFICULT TO ESTIMATE A TIRE
21 PILE, AS WE'VE SEEN IN A FEW CASES. YOU KNOW, YOU MAY
22 THINK IT'S ONLY 10,000 TIRES, BUT IT TURNS OUT TO BE
23 20,000 TIRES, AND ALL OF THE SUDDEN A SUBCONTRACTOR
24 WHO, YOU KNOW, IN GOOD FAITH BID ON -- ON -- SAID THAT
25 THEY COULD RECYCLE 50 PERCENT OF THOSE TIRES, ALL OF



1 THE SUDDEN THEY FIND A WHOLE BUNCH MORE. AND, YOU
2 KNOW, I MEAN INEVITABLY -- AND I THINK GALE MENTIONED
3 THAT YOU JUST CAN'T --
4 CHAIRMAN PENNINGTON: IT'S AN ILLUSIVE FIGURE
5 MR. LEVEILLE: -- ESTIMATE TIRE PILES VERY
6 CAREFULLY, VERY WELL.
7 BOARD MEMBER JONES: BUT WHAT HAPPENS TO THE
8 TIRE PILES? A TIRE WEIGHS, LET'S SAY, 32 THROUGH TO 40
9 POUNDS, WHATEVER THE NUMBER IS, OR 20 POUNDS. I'M
10 SORRY. I WAS THINKING ABOUT A GARBAGE CAN. SORRY.
11 SORRY. IT'S MY BACKGROUND. AND IN A TIRE CLEANUP AND
12 WE DETERMINE IT IS TONNAGE, THEN BY DETERMINING TONNAGE
13 AND PULLING TIRES OUT OF RUTS AND OUT OF DIRT, THEN
14 WHAT, IN FACT, WE ARE PAYING FOR IS WE ARE GIVING A
15 PREMIUM ON DIRT. WE'RE NOT -- BECAUSE IT IS WEIGHED,
16 RIGHT? AND DEPENDING UPON THE OPERATION, IF IT GOES
17 WHOLE TO AN END USER THAT CAN USE IT WHOLE, THEN WE ARE
18 PAYING FOR DIRT AND MUD AND MUCK. IF IT HAS TO BE, YOU
19 KNOW, IF IT GETS SHREDDED ON SITE, WE'VE ELIMINATED THE
20 DIRT. IF WE HAUL THEM OFF SITE AND SHRED THEM
21 SOMEWHERE ELSE, WE'RE PAYING FOR THE DIRT.
22 SO I THINK 50 PERCENT -- YOU KNOW, TO ME
23 50 PERCENT IS 50 PERCENT. YOU KNOW WHAT I MEAN, TERRY?
24 I'D JUST HATE TO PUT A TONNAGE AND FIND OUT THAT OF
25 5,000 TIRES -- I MEAN 5,000 TONS, TEN -- 25 TONS OF IT



1 WAS DIRT OR MAYBE A THOUSAND TONS OF IT WAS DIRT, YOU
2 KNOW.

3 MR. LEVEILLE: AS I SAY, I'D HAVE TO DEFER TO
4 STAFF ON THAT PARTICULAR ISSUE.

5 MR. FUJII: MAYBE ONE OF THE WAYS AROUND IT IS
6 WE CAN CERTAINLY HAVE OUR SUB -- OR CONTRACTORS REQUIRE
7 ALL PROCESSING BE DONE ON SITE SO WE DON'T HAVE THAT
8 WEIGHT DISCREPANCY. I MEAN THAT'S CERTAINLY ONE OF THE
9 WAYS TO DEAL WITH THAT.

10 CHAIRMAN PENNINGTON: IF YOU PUT IT ON A
11 PERCENTAGE -- I MEAN IF YOU PUT IT ON A TONNAGE BASIS,
12 THE FACT THAT WE'RE ESTIMATING A TIRE PILE IS NOT A
13 SCIENCE. AND SO YOU ARE SHORTCHANGING YOURSELF INSTEAD
14 OF USING A PERCENTAGE FIGURE.

15 MR. FUJII: YEAH. YOU CERTAINLY HAVE A LITTLE
16 MORE OPTIONS IN TERMS OF IF YOU HAVE THOSE UNFORESEEN,
17 YOU FIND SOME TIRES LATER ON, YOU'RE DEALING WITH, YOU
18 KNOW, QUANTITY THAT'S NOT FINITE.

19 CHAIRMAN PENNINGTON: MS. KENNEDY.

20 MS. KENNEDY: I AM PERPLEXED ON HOW STAFF OR
21 THE CONTRACTOR, PRIME CONTRACTOR, IS GOING TO DETERMINE
22 WHAT PERCENT CAN BE RECYCLED WITHOUT HAVING THAT
23 RELATIONSHIP WITH THE END USERS. THEY REALLY WILL HAVE
24 A TOUGHER TIME GOING IN AND SAYING, HEY, TO SOMEBODY UP
25 AT CALAVERAS SAYING CAN I TAKE ALL OF THESE? THEY'RE



1 GOING TO DEFER THEM TO US, BUT THEN WE DON'T
2 NECESSARILY WANT TO GIVE OUT PRIVILEGED INFORMATION TO
3 SOMEBODY ELSE. SO MY QUESTION IS HOW THAT WILL BE
4 DETERMINED?
5 I DO THINK ONE OF THE SOLUTIONS STILL IS
6 IF EVERYBODY DOES BID AND, YOU KNOW, THE TONNAGE, LIKE
7 TERRY SAID, YOU BID ON THAT ON A PER-TON RATE. AND I
8 THINK IT'S GOING TO BE TOUGH FOR SOMEONE TO COME IN AND
9 SAY YOU'VE GOT TO RECYCLE 50 PERCENT. UNFORTUNATELY
10 THAT'S THE REAL CATCH IN THIS WHOLE DEAL. THERE'S NO
11 HIERARCHY. AND HIERARCHY HAS CAUSED ANOTHER WHOLE SET
12 OF PROBLEMS TOO, SO IT'S KIND OF A CATCH 22 ON IT.
13 BUT I DO WANT TO SAY I'M PUZZLED ALSO ON
14 THE ONES THAT ARE BURIED. WE'VE BEEN IN CLEANUPS WHERE
15 THEY'RE BURIED, AND WE HAVE ALWAYS GONE BACK AND HAD AN
16 ADDENDUM TO THAT. YOU EITHER GO OUT FOR A REBID, IF
17 THERE'S A LARGE ENOUGH QUANTITY, START ALL OVER, START
18 FROM SCRATCH, WHICH IS WHAT SOME OF THE PEOPLE WANTED.
19 WE HAPPENED TO JUST GET THE ADDENDUM AND CONTINUE. BUT
20 WHEN YOU HAVE BURIED TIRES, THE COST TO TAKE -- NOBODY
21 THAT HAS A SHREDDER WANTS A DIRTY, BURIED TIRE. AND WE
22 ACTUALLY IN OREGON HAD ABOUT 20,000 OF THEM BURIED, HAD
23 TO GO IN AND GET SOME KIND OF A RULING FROM OREGON DEQ
24 ALLOWING US TO BURY THE WHOLE TIRES BECAUSE NOBODY --
25 THEY WERE SO BAD AND HAD BEEN BURNED AND BURIED, SO YOU



1 DO HAVE TO LOOK AT THOSE SEPARATELY AND JUST DO AN
2 ADDENDUM. I THINK WE'RE MAKING THAT TOO DIFFICULT,
3 SAYING WHAT ARE WE GOING TO DO WHEN WE FIND BURIED
4 TIRES? IT'S NOT THAT HARD.
5 AND MANIFEST-WISE, ONE MORE ISSUE I DID
6 FORGET, IT'S VERY SIMPLE TO TAKE A MANIFEST AND KNOW
1 FROM THE POINT IT STARTS AND PROVIDE THE STATE
8 IMMEDIATELY A SCALE TICKET AND HAVE A SPREADSHEET. AND
9 WHEN YOU GO IN, YOU INVOICE THE STATE FOR MONEY, YOU
10 JUST GIVE THEM THE SPREADSHEET WITH ALL THE TONNAGES,
11 THE SCALE TICKET, AND HAND IT TO THEM. AND IT'S VERY
12 DIFFICULT IF YOU ARE WORKING WITH REPUTABLE COMPANIES,
13 THEY'RE NOT GOING TO DO THAT. YOU'VE GOT TO QUALIFY
14 YOUR PEOPLE BY BEING WHOSE REPUTABLE. AND IF YOU
15 SUBMIT THAT TO THE STATE, YOU WILL HANDLE THE PROBLEM
16 OF PEOPLE TAKING THE TIRES, GOING SOMEWHERE ELSE,
17 GRADING THEM, DOING SOMETHING ELSE WITH THEM. SO A LOT
18 OF THINGS AREN'T THAT DIFFICULT. IT'S JUST A MATTER OF
19 CONTROL.
20 CHAIRMAN PENNINGTON: THANK YOU.
21 MR. FUJII: I WAS GOING TO RESPOND MAYBE TO
22 THE FIRST COUPLE OF POINTS IN MAKING THE ESTIMATES. I
23 THINK WE'D BE THE FIRST TO ACKNOWLEDGE THAT IT'S GOING
24 TO BE A LITTLE DIFFICULT TO MAKE THESE ESTIMATES. AND
25 ALL END USERS NOT BEING CREATED EQUAL, EACH OF THEM



1 WILL TAKE A DIFFERENT TYPE OF TIRE. SOME OF THEM WILL
2 TAKE WHOLE TIRES; SOME OF THEM CAN TAKE DIFFERENT SIZE
3 TIRES, SO ON AND SO FORTH. AND SO I THINK WHAT WE'LL
4 END UP DOING IS TALKING TO OUR CONTRACTOR AND BEING
5 RELATIVELY CONSERVATIVE ABOUT THE NUMBER OF TIRES THAT
6 CAN BE SENT TO END USE BECAUSE OF THAT REASON.
7 I MEAN WE WILL PROBABLY LOOK AT THE MOST
8 CONSERVATIVE OF THE END USES; IN OTHER WORDS, THE END
9 USES THAT CAN TAKE JUST WHOLE, PERHAPS RELATIVELY CLEAN
10 TIRES AS THE BASIS FOR END USE TO ESTABLISH THESE
11 PERCENTAGES. THAT'S GOING TO BE ONE OF OUR DILEMMAS.
12 SOME OF THE PROCESSORS CAN TAKE A LOT
13 DIRTIER TIRES AND, THEREFORE, A LOT LARGER QUANTITY OF
14 THE END-USE TIRES. SO JUST TO LET YOU KNOW THAT THAT
15 PROBABLY WILL BE ONE OF THE WAYS WE'LL BE ESTIMATING
16 THESE.
17 THE ISSUE ABOUT THE MANIFEST, I THINK,
18 AGAIN, I MEAN THAT'S MAYBE ONE OF THE THINGS THAT CAN
19 TAKE CARE OF THAT ISSUE IS REQUIRING PROCESSING OF THE
20 TIRES BE DONE ON SITE. WE CERTAINLY COULD TALK TO OUR
21 CONTRACTOR ABOUT DOING THAT. IT WOULD ELIMINATE THE
22 PROBLEM I DESCRIBED EARLIER TO YOU WHEN WE HAVE BAIT
23 AND SWITCH WHERE TIRES ARE TAKEN BACK TO FACILITIES AND
24 SUBSTITUTED, AND SO THE MANIFESTING BECOMES A LITTLE
25 SQUISHY IN THOSE KIND OF SITUATIONS AND WE WOULD



1 ACKNOWLEDGE THAT.
2 CHAIRMAN PENNINGTON: VERY GOOD. THANK YOU.
3 WE HAVE A MOTION ON THE FLOOR. DO WE HAVE ANY FURTHER
4 DISCUSSION ON IT? IF NOT, WILL THE SECRETARY CALL THE
5 ROLL
6 THE SECRETARY: BOARD MEMBER CHESBRO.
7 BOARD MEMBER CHESBRO: AYE.
8 THE SECRETARY: EATON.
9 BOARD MEMBER EATON: AYE.
10 THE SECRETARY: FRAZEE.
11 BOARD MEMBER FRAZEE: AYE.
12 THE SECRETARY: JONES.
13 BOARD MEMBER JONES: AYE.
14 THE SECRETARY: CHAIRMAN PENNINGTON.
15 CHAIRMAN PENNINGTON: AYE. MOTION CARRIES.
16 BOARD MEMBER CHESBRO: I WAS GOING TO SAY I
17 WAS HOPING THAT THE SPEAKER WOULD APPOINT SOMEBODY THAT
18 HAD A NAME EARLIER IN THE ALPHABET THAN C SO THAT I
19 COULD GET, FOR THE FIRST TIME IN SEVEN YEARS, SOMEBODY
20 WHO WOULD VOTE BEFORE ME, BUT IT HASN'T HAPPENED YET.
21 BOARD MEMBER EATON: THERE'S ALWAYS A PAUSE.
22 CHAIRMAN PENNINGTON: NEXT ITEM IS ITEM 18,
23 CONSIDERATION OF A NEW MINOR WASTE TIRE FACILITY PERMIT
24 FOR THE DAVIS TRANSFER STATION IN ALAMEDA COUNTY.
25 DOROTHY RICE, TERRY SMITH.



1 MS. RICE: THANK YOU, MR. CHAIRMAN. TERRY
2 SMITH WILL MAKE THE PRESENTATION FOR STAFF.
3 MR. SMITH: MORNING, MR. CHAIRMAN, BOARD
4 MEMBERS. ITEM NO. 18 REGARDS THE CONSIDERATION OF A
5 MINOR WASTE TIRE FACILITY PERMIT FOR THE DAVIS STREET
6 TRANSFER LOCATED IN ALAMEDA COUNTY. WE RECEIVED AN
7 APPLICATION FOR THIS PERMIT TOO LATE FOR THE PERMITTING
8 AND ENFORCEMENT COMMITTEE TO HEAR THE ITEM. SO WE
9 BROUGHT THIS ITEM DIRECTLY TO THE BOARD IN AN EFFORT TO
10 HELP THE OPERATOR MEET THEIR GOALS OF RECYCLING TIRES
11 IN EARLY MARCH.
12 AFTER COMPLETING THE REVIEW OF THE
13 PROPOSED PROJECT, BOARD STAFF HAVE DETERMINED THAT ALL
14 THE STATE AND LOCAL REQUIREMENTS HAVE BEEN MET, THE
15 PROJECT DESIGN AND PROPOSED OPERATION ARE CONSISTENT
16 WITH STATE MINIMUM STANDARDS, THE APPLICABLE LOCAL
17 REQUIREMENTS HAVE BEEN MET, AND THE CALIFORNIA
18 ENVIRONMENTAL QUALITY ACT HAS BEEN SATISFIED.
19 STAFF HAVE ANALYZED THE APPLICATION AND
20 SUPPORTING DOCUMENTATION AND FOUND THEM TO BE
21 ACCEPTABLE. STAFF HAVE DETERMINED THAT ALL OF THE
22 REQUIREMENTS HAVE BEEN MET AND HAVE DRAFTED A MINOR
23 PERMIT FOR THIS PROJECT, WHICH IS INCLUDED AS
24 ATTACHMENT NO. 3 TO ITEM NO. 18.
25 IN CONCLUSION, STAFF RECOMMEND THAT THE



1 BOARD ADOPT PERMIT DECISION NO. 98-67, APPROVING THE
2 ISSUANCE OF WASTE TIRE FACILITY PERMIT NO. 01-TI-0037.
3 MR. CHUCK WHITE AND MR. KEVIN MCCARTHY ARE HERE
4 REPRESENTING THE OPERATOR AND ARE AVAILABLE TO ANSWER
5 ANY QUESTIONS YOU MAY HAVE. AND THIS CONCLUDES STAFF
6 PRESENTATION.
7 CHAIRMAN PENNINGTON: THANK YOU. QUESTIONS OF
8 STAFF? MR. CHESBRO.
9 BOARD MEMBER CHESBRO: THIS IS JUST A
10 PROCEDURAL QUESTION. THE FACT THAT IT CAME TO THE
11 BOARD WITHOUT GOING TO COMMITTEE, THAT'S BY VIRTUE OF
12 THE TIME FRAME THAT'S A RESULT OF THE TIRE PERMITTING
13 PROCESS? I MEAN IT IS ON A SOLID WASTE FACILITY, SO
14 THIS IS NOT -- THIS IS A TIRE PERMIT, NOT A SOLID WASTE
15 FACILITY.
16 MS. RICE: RIGHT. THIS IS A MINOR WASTE TIRE
17 FACILITY PERMIT, AND WE BROUGHT IT STRAIGHT TO THE
18 BOARD RATHER THAN WAIT ANOTHER MONTH TO ACCOMMODATE THE
19 OPERATOR'S INTEREST TO GET UP AND RUNNING IN THE MONTH
20 OF MARCH.
21 BOARD MEMBER CHESBRO: WELL, I UNDERSTAND WHY
22 THE OPERATOR WOULD WANT IT. I'M TRYING TO MAKE SURE
23 FROM A PROCEDURAL STANDPOINT IT'S BECAUSE OF THE
24 SCHEDULE -- THE WAY THE SCHEDULING HAPPENS UNDER THE
26 WASTE TIRE PERMITS, NOT THE SOLID WASTE FACILITIES.



1 MS. RICE: WELL, THIS PERMIT COULD HAVE COME
2 TO A DIFFERENT MEETING HAD YOU WISHED TO DO THAT. WE
3 EXPEDITED IT VERY --
4 BOARD MEMBER CHESBRO: I'M NOT CHALLENGING IT.
5 MS. RICE: -- VERY SIGNIFICANTLY. I THINK
6 TERRY INDICATED WE'VE ONLY HAD IT IN HOUSE A WEEK OR
7 0SO, SO IT WAS A VERY RAPID TURNAROUND TO GET IT HERE TO
8 THIS MEETING.
9 BOARD MEMBER CHESBRO: I DIDN'T RAISE IT TO
10 CRITICIZE. AND I'M PLANNING TO VOTE FOR IT. IT'S MORE
11 FROM THE PRECEDENT STANDPOINT OF SOLID WASTE FACILITY
12 PERMITS STILL HAVE THE NORMAL TIME SCHEDULE. THAT WAS
13 THE ONLY POINT I WAS TRYING TO MAKE.
14 BOARD MEMBER FRAZEE: QUESTION. IN THE
15 PROJECT DESCRIPTION, THIS FALLS IN THE KNIT PICKING
16 CATEGORY, BUT IT SAYS FINISHED PRODUCT WILL BE USED TO
17 MAKE MOLDED RUBBER PRODUCTS AND RUBBER MODIFIED
18 ASPHALT. IT'S MY UNDERSTANDING THAT THERE ARE OTHER
19 USES, IN FACT, MAY EVEN BE PRODUCING DAILY COVER
20 MATERIAL; IS THAT CORRECT? OR IS THAT DESCRIPTION --
21 MR. SMITH: I'D HAVE TO DEFER THAT TO THE
22 OPERATOR.
23 MR. MCCARTHY: MR. CHAIRMAN AND BOARD MEMBERS,
24 I'M KEVIN MCCARTHY, THE RECYCLING MANAGER FOR THE DAVIS
25 STREET TRANSFER STATION. THIS IS STRICTLY A PRODUCT



1 BASED OPERATION. WE DO NOT PLAN ON USING ANY MATERIAL
2 THAT'S PROCESSED AT THAT FACILITY FOR ALTERNATIVE DAILY
3 COVER.
4 BOARD MEMBER FRAZEE: THAT ANSWERED MY
5 QUESTION. THANK YOU.
6 CHAIRMAN PENNINGTON: ADDITIONAL QUESTIONS?
7 BOARD MEMBER JONES: JUST ALONG MR. FRAZEE'S
8 LINES, I THINK THERE WAS SOME TALK ABOUT USING IT AS
9 NOT ALTERNATIVE DAILY COVER, BUT USING IT AS LIKE A
10 HORSE BED. NOTHING HERE PRECLUDES THAT. I MEAN YOU'RE
11 JUST GIVING US EXAMPLES IN HERE, RIGHT, STAFF?
12 MR. SMITH: THAT'S CORRECT. WE LOOKED AT THE
13 APPLICATION AND THAT WAS THEIR PROPOSAL.
14 BOARD MEMBER JONES: YOU KNOW, IF THEY WANTED
15 TO SELL IT AS A LANDSCAPING ITEM OR SOMETHING LIKE
16 THAT, THAT IS NOT AN ISSUE? OKAY. THANKS. I JUST
17 WANTED TO GET THAT.
18 CHAIRMAN PENNINGTON: ANY FURTHER QUESTIONS
19 FROM STAFF? ENTERTAIN A MOTION.
20 BOARD MEMBER CHESBRO: I'LL MOVE.
21 CHAIRMAN PENNINGTON: MR. CHESBRO MOVES; MR.
22 JONES SECONDS. IF THERE'S NO FURTHER DISCUSSION, WILL
23 THE SECRETARY CALL THE ROLL.
24 THE SECRETARY: BOARD MEMBER CHESBRO.
25 BOARD MEMBER CHESBRO: AYE.



1 THE SECRETARY: EATON.
2 BOARD MEMBER EATON: AYE.
3 THE SECRETARY: FRAZEE.
4 BOARD MEMBER FRAZEE: AYE.
5 THE SECRETARY: JONES.
6 BOARD MEMBER JONES: AYE.
7 THE SECRETARY: CHAIRMAN PENNINGTON.
8 CHAIRMAN PENNINGTON: AYE. MOTION CARRIES.
9 MS. TOBIAS: MR. CHAIR, COULD I JUST HAVE
10 CLARIFIED? STAFF ALL SHOOK THEIR HEADS TO BOARD
11 MEMBERS JONES' QUESTION. I'D JUST LIKE TO HAVE IT
12 CLARIFIED ON THE RECORD THAT STAFF WAS SAYING THAT, NO,
13 THAT WOULD NOT RESTRICT THEIR PERMIT IN TERMS OF THE
14 NUMBER OF PRODUCTS THAT ARE PRODUCED.
15 (RECESS TAKEN.)
16 CHAIRMAN PENNINGTON: WE WILL NOW TAKE UP ITEM
17 19, WHICH IS AN UPDATE ON THE MODESTO ENERGY LIMITED
18 PARTNERSHIP/CALIFORNIA INTEGRATED WASTE MANAGEMENT
19 BOARD TIRE PILE REMEDIATION AGREEMENT. DOROTHY RICE.
20 THIS IS DOROTHY RICE DAY.
21 MS. RICE: THANK YOU, MR. CHAIRMAN AND
22 MEMBERS. BOB ANDERSON WILL DO THIS INFORMATIONAL
23 UPDATE ITEM.
24 MR. ANDERSON: GOOD MORNING, CHAIRMAN
25 PENNINGTON, BOARD MEMBERS. I'M BOB ANDERSON WITH THE



1 REMEDIATION, CLOSURE, AND TECHNICAL SERVICES BRANCH OF
2 THE WASTE MANAGEMENT BOARD. AND I'D LIKE TO PRESENT AN
3 UPDATE ON THE MODESTO ENERGY LIMITED PARTNERSHIP/
4 CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD'S TIRE
5 PILE REMEDIATION AGREEMENT FOR TODAY.
6 JUST FOR A BASIC BACKGROUND BRIEFING
7 HERE, INTRODUCTION FOR THE SITE, BACK IN THE 1950S,
8 NOBODY IS REALLY SAYING EXACTLY WHEN IN THE 1950S,
9 THERE IS A CANYON IN THE WESTLEY, CALIFORNIA, AREA THAT
10 STARTED RECEIVING TIRES. AT ONE POINT IT WAS
11 CONSIDERED THAT THOSE TIRES WOULD BE A RESOURCE THAT
12 WOULD BE USED IN THE FUTURE. THE LAST RECEIPT OF TIRES
13 AT THE WHAT IS NOW CONSIDERED THE OXFORD TIRE PILE
14 SITE, WHICH IS THE SAME CANYON WHICH RECEIVED THESE
15 TIRES BACK IN THE 1950S, WAS BACK IN APRIL OF 1997.
16 IN NOVEMBER OF 1987, A TIRE-TO-ENERGY
17 FACILITY WENT ON LINE FOR THE FIRST TIME TO BEGIN
18 REMEDIATING TIRES AT THE OXFORD TIRE PILE AND TRANSIENT
19 TIRES THAT WOULD COME IN THE DOOR.
20 LATER THIS SITE WOULD BE CALLED THE
21 MODESTO ENERGY LIMITED PARTNERSHIP SITE THAT'S
22 CURRENTLY UNDER THE MANAGEMENT OF UNITED AMERICAN
23 ENERGY. AND MELP ITSELF, THE SOLE PURPOSE, PRIMARY
24 PURPOSE FOR THIS SITE TO BE BUILT WAS AS A REMEDIATION
25 FACILITY. IT HAS A SECONDARY FUNCTION WHICH IS FAIRLY



1 IMPORTANT AS WELL, AND THAT SECONDARY FUNCTION IS AS A
2 PRODUCER OF ELECTRICITY. MELP PRODUCES NET ON AVERAGE
3 OF ABOUT 12 MEGAWATTS PER HOUR ONTO THE PG&E GRID, AND
4 THAT 'S EQUIVALENT OF POWERING ABOUT 18,000 HOMES PER
5 OVER AN ANNUALIZED PERIOD OF A YEAR
6 SINCE THE OPERATIONS BEGAN IN NOVEMBER
7 1987, MELP HAS INCINERATED, REMEDIATED, IF YOU WILL, 55
8 MILLION TIRES.
9 LOCATION OF MELP, MELP'S LOCATED ABOUT 89
10 MILES SOUTHWEST OF SACRAMENTO AND WEST OF WESTLEY,
11 CALIFORNIA, ON THE 1-5 CORRIDOR. AND IF YOU LOOK
12 THE 1-5 CORRIDOR IT'S -- THAT'S NOT GOING TO WORK --
13 IS IN THE EAST CENTRAL PART OF YOUR SCREEN THERE. THIS
14 IS AN AERIAL PHOTO OF MODESTO ENERGY LIMITED
15 PARTNERSHIP SITE AND OXFORD TIRE PILE SITE AS TAKEN BY
16 BOARD CONTRACTOR BACK IN AUGUST OF LAST YEAR. AND TO
17 THE EAST, WHICH IS TO YOUR RIGHT ON THIS SCREEN, WE
18 HAVE THE LAYOUT OF THE OXFORD TIRE PILE SITE AS IT WAS
19 BACK THEN. SOUTH IS TO THE BOTTOM AND NORTH IS TOWARDS
20 THE CEILING.
21 AND OVER TO THE WEST OR TO YOUR LEFT IS
22 THE LOCATION OF THE MODESTO ENERGY LIMITED PARTNERSHIP
23 SITE, SO YOU CAN SEE THAT THEY'RE IN CLOSE PROXIMITY TO
24 ONE ANOTHER.
25 ON THE HIGHLIGHTS THAT YOU CAN SEE HERE



1 15 TO THE WESTERN EDGE OF THE OXFORD TIRE PILE SITE, AT
2 THE BOTTOM THERE, ARE TWO HOPPERS. AND THE HOPPERS
3 FEED A CONVEYOR SYSTEM. THE CONVEYOR SYSTEMS GOES
4 UPSLOPE TO THE BOILER AREA NEXT TO A CAROUSEL. THE
5 CAROUSEL FEEDS THE BOILERS. TIRES ARE INCINERATED
6 WITHIN THE BOILERS. STEAM IS PRODUCED, AND STEAM
7 POWERS A TURBINE ELECTRIC POWER PLANT ON THE NORTH SIDE
8 OF MODESTO ENERGY LIMITED PARTNERSHIP'S SITE, WHICH
9 PRODUCES ELECTRICITY AFTER THE TIRE HAS BEEN
10 REMEDIATED.

11 SO WHAT WE'RE LOOKING AT IS BACK IN THE
12 DECEMBER 1997 WE HAD THE OPPORTUNITY TO GET A BETTER
13 HANDLE ON WHAT WAS GOING ON FOR THE SIZE OF THE SITE
14 ONCE WE BEGAN REMEDIATING THE SITE. AND THAT'S AN
15 IMPORTANT POINT TO LOOK AT HERE BECAUSE WHAT WE WERE
16 LOOKING AT WERE PREVIOUS ESTIMATES WHERE DIFFERENT
17 FOLKS WEREN'T TAKING OUT AND SHOOTING ON A REGULAR
18 BASIS THE DIFFERENCES IN VOLUMES AND DIFFERENCES IN
19 TONNAGES THAT WE WERE GETTING AT THE SITE OVER A
20 CERTAIN PERIOD OF TIME, BUT WE HAD THE PRIVILEGE TO DO
21 THAT THIS LAST SUMMER.

22 AS WE WERE LOOKING AT THE SITE, IT CAME
23 TO PASS THAT WE MAY HAVE A DIFFERENCE OF AN IDEA IN HOW
24 MANY TIRES WERE ACTUALLY OUT AT THIS SITE. ON JUNE 27,
25 1997, THAT WAS THE DATE THAT THE TIRE PILE REMEDIATION



1 AGREEMENT WAS SIGNED, AND THAT WAS ALSO OUR START DATE
2 FOR THE FIRST PART OF THE INCINERATION OF TIRES.
3 SO ONE OF THE QUESTIONS I ASKED IS WHY
4 WERE WE DOING THIS IN THE FIRST PLACE? IT WAS FELT BY
5 THE BOARD THAT THIS SITE, OXFORD TIRE PILE SITE,
6 PRESENTED A SIGNIFICANT POSSIBLE ENVIRONMENTAL HAZARD
7 SHOULD THE TIRE PILE CATCH ON FIRE. YEAR BEFORE A SITE
8 CALLED CHOPPERENA TIRE PILE HAD CAUGHT ON FIRE AND WAS
9 VERY HARD TO GET EXTINGUISHED AND CONTROLLED, SO THE
10 IDEA WAS TO TRY TO GET THIS SITE REMEDIATED. THERE
11 WERE SEVERAL REMEDIATION ATTEMPTS STARTED IN THE 1980S
12 AND 1990S. NONE OF THEM CAME TO A NET EFFECT OF
13 ACTUALLY GETTING THE SITE REMEDIATED COMPLETELY BY
14 BEING REMOVED, ALTHOUGH THERE WAS AN EXTENDED TIME
15 PERIOD TO GET THE SITE REMOVED, WHICH WE STILL HAVEN'T
16 GOT TO FOR THE FIRST ONE.
17 THE MAJOR WASTE TIRE FACILITY PERMIT WAS
18 ISSUED ON MAY 8, 1996, FOR THIS SITE. THERE WAS A
19 CLEANUP AND ABATEMENT ORDERED AGAINST THE SITE FOR
20 VIOLATIONS OF TERMS AND CONDITIONS OF THE MAJOR WASTE
21 TIRE FACILITIES PERMIT BACK IN APRIL 30, 1997. WHAT WE
22 ARE ESSENTIALLY LOOKING AT HERE WAS THE IDEA OF THE
23 REMEDIATION SCHEDULE FOR THE SITE WAS NOT BEING
24 COMPLIED WITH AT THE TIME, AMONGST OTHER ISSUES, BUT
25 THAT WAS THE PRINCIPAL ONE THAT I WAS CONCERNED WITH



1 HERE.

2 AND THEN WHAT WE'RE LOOKING AT IS IN LIEU

3 OF ENFORCEMENT PROCEEDINGS PROCEEDING AGAINST OTR AND

4 REVOCATION OF THE PERMIT IN THE SUMMER OF 1997, THE

5 WASTE MANAGEMENT BOARD AND OTR FOLKS ENTERED INTO AN

6 AGREEMENT SO THAT WE COULD GET ON A REMEDIATION

7 SCHEDULE FOR THE SITE. A MONTH PRIOR TO THAT MODESTO

8 ENERGY LIMITED PARTNERSHIP AND THE WASTE MANAGEMENT

9 BOARD ENTERED IN AN AGREEMENT TO REMEDIATE UP TO 40,000

10 TONS OR FOUR MILLION PASSENGER TIRE EQUIVALENTS OFF OF

11 THE SITE. THIS WAS TO HELP OTR OUT AND ALSO TO HELP

12 GET RID OF A SERIOUS POSSIBLE ENVIRONMENTAL HAZARD AT

13 THE SITE.

14 JUST AS A RECAP OF SOME OF THE

15 HIGHLIGHTS, IF YOU WILL, OF THE MELP/CIWMB TIRE PILE

16 REMEDIATION AGREEMENT HERE. THERE ARE THREE PRINCIPAL

17 AREAS WHERE WE PAY MELP FOR REMEDIATING THE TIRES.

18 THAT'S INCLUDING A TIPPING FEE OR TIRE RETRIEVAL FEE,

19 INCREMENTAL EXPENSE OR INCREMENTAL COST FEE. WE'LL GET

20 INTO THOSE IN JUST A MINUTE. AND MELP WAS UNDER THE

21 AGREEMENT TO INCINERATE 40,000 TONS OF PASSENGER TIRE

22 EQUIVALENTS OFF THE PILES BY JUNE 27, 1998, WHICH IS

23 JUST A COUPLE MONTHS FROM NOW.

24 AND THE LAST ONE I'D LIKE TO BRING UP IS

25 THE LENGTH OF THE PERIOD TO DO THIS IN. WE'RE TALKING



1 OF REMEDIATING BY INCINERATION FOUR MILLION TIRES IN
2 ONE YEAR. 50 JUNE 27, 1997, TO JUNE 27, 1998.
3 TIPPING FEES, WHILE THERE'S BEEN A LOT OF
4 TALK ABOUT TIPPING FEES AT THIS PARTICULAR SITE OVER
5 THE YEARS, WHAT WE HAD IN OUR AGREEMENT AND HAVE IN OUR
6 AGREEMENT IS TWO DIFFERENT TIPPING FEE SCHEDULES. THEY
7 HAPPEN TO BE BASED UPON WHAT'S CALLED THE CLIFF DATE
8 WITH THE MODESTO ENERGY LIMITED PARTNERSHIP AND PG&E'S
9 AGREEMENT. SO THE FIRST PART, WE WERE PAYING \$16 A TON
10 BECAUSE OF AN AGREEMENT THAT PG&E, AS OF SEPTEMBER
11 11TH, WOULD NO LONGER BE PAYING 12 CENTS PER KILOWATT
12 HOUR, BUT FROM JUNE 27, 1997, TO SEPTEMBER 11, 1997,
13 THE CLIFF DATE OF THE PG&E AGREEMENT, MELP IS GETTING
14 12 CENTS A KILOWATT HOUR, AND THEN IT DROPPED DOWN TO
15 ABOUT TWO, TWO AND A HALF CENTS AFTER THAT TIME PERIOD.
16 WELL, TO HELP SUPPLEMENT THAT, WE'RE LOOKING AT \$34 A
17 TON AS THE TIPPING FEE WENT UP UNDER THE AGREEMENT.
18 WE HAVE A SLIDING SCHEDULE HERE. AS WE
19 WENT THROUGH THE REDUCTION PROCESS OUT AT THE SITE, WE
20 HAD A \$2 A TON UP TO THE FIRST 10,000 TONS WHICH WE
21 INCINERATED DURING THIS LAST SUMMER. RIGHT NOW -- AND
22 I DON'T KNOW IF THIS IS GOING TO WORK ANY BETTER. WE
23 CAN SEE IT HERE -- WE'RE RIGHT AT 28,000 TONS
24 INCINERATED UNDER THE AGREEMENT TIME PERIOD AS OF THIS
25 MONTH. AND SO WE'RE AS OF MARCH 5TH PLANNING TO GO TO



1 THE 30 TO 40,000 TON BRACKET, WHICH WILL BE \$23 A TON.
2 WE'RE CURRENTLY PAYING \$15 A TON FOR A TIRE RETRIEVAL
3 FEE.
4 THESE ARE ADDITIVE COSTS, SO WE HAVE THE
5 COST FOR INCREMENTAL EXPENSES, THE TIPPING FEE, AND THE
6 RETRIEVAL FEE ALL SUMMED UP INTO ONE FEE. INCREMENTAL
7 EXPENSES INCLUDE ADDITIONAL MANPOWER THAT HAD TO BE
8 HIRED ON FOR THE REMEDIATION PROCESS, ADDITIONAL
9 EQUIPMENT THAT WAS BROUGHT IN AND RENTED, MAINTENANCE
10 FOR WEAR AND TEAR THAT WAS OVER AND ABOVE WHAT WOULD
11 HAVE HAPPENED IF THERE WOULD HAVE BEEN NO REMEDIATION
12 GOING ON AT THE TIME, AND POWER REDUCTION DUE TO POOR
13 QUALITY TIRES, EMISSION CONTROLS DUE TO DIRTY TIRES
14 PRODUCING MORE EMISSIONS THAT NEEDED TO BE MITIGATED
15 BUT THERE'S A CAP TO THAT WHICH IS IMPORTANT TO
16 REALIZE, SO DON'T PAY UP AND UP AND UP. UNDER THE
17 INCREMENTAL EXPENSES, WE HAD A CAP UP TO \$4 PER TON.
18 SO GO TO THE NEXT SLIDE.
19 OKAY. UNDER THE AGREEMENT, BEFORE THE
20 AGREEMENT STARTED. THER IS A TIME PERIOD FROM MAY 1ST.
21 1997, TO JUNE 27, 1997, WHERE MELP WAS ALREADY BURNING
22 TIRES OFF THE OTR TIRE PILE. AND THAT AMOUNTED TO ABOUT
23 7,800 TIRES. AND THOSE ARE NOT INCLUDED UNDER THE
24 AGREEMENT. THAT'S AN IMPORTANT FACT OT LOOK AT BECAUSE
25 THAT REPRESENTS A LITTLE OVER THREE-QUARTERS OF A



1 MILLION TIRES IN THAT TIME PERIOD. THAT'S A
2 SIGNIFICANT AMOUNT OF TIRES.
3 WE BEGAN RIGHT ON TIME AND ON SCHEDULE,
4 AS I ALREADY INDICATED EARLIER. AND THAT AT THIS POINT
5 WHEN WE WERE IN AUGUST, WE HAD OVER A MONTH'S WORTH OF
6 BURN TIME EXPERIENCE ON SITE AND BEEN ON SITE QUITE A
7 BIT THIS SUMMER MYSELF AND SEEN HOW THINGS WERE
8 PROGRESSING. IT BECAME APPARENT THAT OUR EARLIER
9 ESTIMATE NEEDED TO BE LOOKED AT VERY SERIOUSLY TO SEE
10 HOW IT JIVED WITH WHAT WE WERE GETTING FROM ACTUAL
11 FIELD EXPERIENCE.
12 OKAY. HOW MANY TIRES AT THE OXFORD TIRE
13 PILE? WELL, THAT'S THE GOOD QUESTION HERE. WE HAD
14 FOUR DIFFERENT ESTIMATES THAT WE HAVE. TWO OF THEM ARE
15 LINKED TOGETHER, WHICH IS THE CALIFORNIA INTEGRATED
16 WASTE MANAGEMENT BOARD/PSOMAS ASSESSMENT HERE. AND
17 ACTUALLY WHERE PSOMAS COMES IN FOR ALL THREE OF THE
18 LOWER ESTIMATES IS THEY'RE A CIVIL ENGINEERING LAND
19 SURVEYING FIRM HERE IN SACRAMENTO THAT WERE DOING
20 VOLUMETRIC ESTIMATES, CALCULATIONS USING DIGITIZED
21 TOPOGRAPHICAL MAPS THAT WERE PRODUCED FOR THE SITES.
22 AND THAT'S PRETTY MUCH WHERE THEY STOP, AND THEN WE
23 TAKE OVER FROM THERE EXCEPT FOR THE TAG/PSOMAS REPORT.
24 THEY ADD THEIR OWN WORK EFFORT THAT THEY PUT IN.
25 SO LET'S GO TO MITCHELL AND HERYFORD BACK



1 IN 1991 ESTIMATED AFTER FIRST MAKING A SIGNIFICANT
2 DENSITY ASSESSMENT FOR THE SITE AT 7.6 MILLION TIRES OR
3 76,000 TONS ON THE SITE. YOU HAVE TO REMEMBER WHAT WE
4 PAY OUT AGAINST IS TONNAGE. IT'S NOT AGAINST TIRES.
5 SO IT'S BETTER TO LOOK AT BOTH NUMBERS TO GET A FEEL
6 FOR HOW WE'RE DOING HERE. AND WE'RE ACTUALLY LOOKING
7 UNDER THE AGREEMENT AT A HUNDRED PASSENGER TIRE
8 EQUIVALENTS PER TON. SO WE HAVE SOME KIND OF FIXED
9 FORMULA SO WE CAN FIGURE OUT WHAT'S WHAT.
10 50 TAG/PSOMAS CAME IN 1995 AND REALIZED
11 THIS IS A DYNAMIC SITE, THEY'RE MOVING TIRES IN AND
12 OUT, BURNING TIRES, GOING TO OTHER SOURCES AND SUCH.
13 WE'RE AT 7.2 MILLION TIRES. WELL, YOU WONDER AND SAY,
14 WELL, YOU KNOW, 7.6 TO .2 WE HAVE A NET DROP THERE.
15 WE'RE ALSO LOOKING AT THERE'S ERRORS IN THE AMOUNT OF
16 SURVEYING INFORMATION THAT WE HAVE IN ALL SURVEYS, AND
17 WHAT WE'RE LOOKING AT, THIS IS ONLY A 6-PERCENT
18 DIFFERENCE. THAT'S NOT VERY MUCH OF A DIFFERENCE
19 ACTUALLY.
20 THEN YOU COME TO THE WASTE MANAGEMENT
21 BOARD/PSOMAS ESTIMATE THAT WAS DONE ACTUALLY IN JANUARY
22 1998 BACKTRACKED TO WHAT WE HAD ON SITE MAY 1ST, 1997.
23 THE REASON WHY WE PICKED MAY 1ST, 1997, IS THIS IS THE
24 FIRST DAY AFTER THE LAST DAY OF THE LAST RECEIPT OF
25 TIRES TO BE DISPOSED OF AT THE OXFORD TIRE PILE SITE,



1 SO IT'S A KEY DATE, ALTHOUGH WE DIDN'T TAKE AND DO OUR
2 ESTIMATE THAT DAY. WE ACTUALLY DID IT IN JANUARY THIS
3 YEAR.
4 SO WHAT WE HAD DONE IS SOMETHING SIMILAR
5 TO THE PROCESS THAT TAG AND PSOMAS HAD DONE AND TOOK IT
6 ONE STEP FURTHER BECAUSE WE HAD SOME EXTRA DATA THAT
7 THEY UNFORTUNATELY DID NOT, AND THAT'S BECAUSE WE HAD
8 THE BENEFIT OF THE REMEDIATION PROCESS GOING ON. WE
9 HAD SIGNIFICANT QUANTITIES OF VOLUME DIFFERENCE THAT
10 WAS REMEDIATED AND EXHUMED FROM THE SITE FROM AUGUST
11 '97 TO DECEMBER '97. WE FLEW THE SITE IN AUGUST '97
12 AND DECEMBER '97, DIGITIZED -- MADE DIGITIZED MAPS OFF
13 OF AERIAL PHOTOGRAPHS FROM THOSE SITES, FIGURED OUT THE
14 VOLUMES, AND THEN LOOKED AT HOW MUCH TONS WE HAD
15 REMOVED DURING THAT SAME TIME PERIOD. THAT GAVE US A
16 BASIC DENSITY ESTIMATE NOBODY ELSE HAD AT THAT POINT.
17 SO WHAT THEN WE DID IS WE LOOKED AT THE
18 TIRES WITHIN THE CELLS OF EACH OF THE DIFFERENT AREAS
19 OUT THERE AT THE SITE. IF YOU CAN LOOK AT THE TWO
20 LARGE AIR PHOTOS WE HAVE, THE ONE THAT HAS THE LIGHT
21 TAN COLORED GRASS AREAS, THE ONE ON MY LEFT, IS THE
22 AUGUST 1997 AIR PHOTO; THE ONE WITH THE BRILLIANT GREEN
23 GRASS 15 DECEMBER 1997. WHAT WE'RE LOOKING AT IS IN
24 THE SOUTHERN PART OF BOTH PHOTOS, WHICH ARE TOWARDS THE
25 BOTTOM OF THE FLOOR AREA, WHAT WE'RE LOOKING AT IS THIS



1 IS CALLED AREA H RIGHT HERE. AREA H TO AREA H OVER
2 HERE, WHICH DOESN'T SHOW VERY WELL BECAUSE IT'S A WET
3 SOIL CONDITIONS HERE, IS WE MOVED ABOUT 2.7 MILLION
4 TIRES OUT OF THAT ONE AREA ALONE. AND THAT WAS AREA UP
5 UNTIL ABOUT NOVEMBER WE WERE WORKING IN UNTIL THE RAINS
6 MADE US GO DOWN TO AN AREA WHERE MELP UAE HAD BEEN
7 STOCKPILING TIRES DOWN IN AREA I DOWN HERE SO THEY'D
8 HAVE A GOOD SOURCE OF QUALITY TIRES TO BURN DURING THE
9 RAINY SEASON. SO KIND OF PUTTING NUTS AWAY FOR THE
10 WINTERTIME, SO TO SPEAK.
11 ANYHOW, THAT WAY WE HAD A WAY THAT WE CAN
12 GET THE FIELD KEEP BURNING ALL WINTER LONG AND NOT
13 WORRY ABOUT SITE SLOPE CONDITIONS AND BEING TOO MUDDY
14 AND WHEELED VEHICLES COULDN'T GET AROUND. SO WHAT WE
15 HAVE IS 12.2 MILLION TIRES IN '97.
16 HERE'S THE LAST DATE I'D LIKE TO BRING TO
17 YOU RIGHT HERE IS FEBRUARY 1ST, 1998. WHAT WE'RE
18 LOOKING AT IS WE'RE STILL BURNING TIRES DOWN. WE'RE
19 LOOKING AT THE SITE. HOW ARE WE DOING WITH OUR
20 AGREEMENT? ARE WE ON TIME? ARE WE IN BUDGET? WHEN WE
21 LOOKED AT IT, WE CAME UP WITH AN ESTIMATE BASED UPON
22 NUMBERS FROM MAY 1ST, 1997, RELATIVE TO THE TONNAGES
23 THAT WE KNEW, WE HAVE RECEIPTS FOR BURNED THAT WERE
24 JUST OTR TIRES, NOT TRANSIENT TIRES, OF APPROXIMATELY
25 8.7 MILLION TIRES LEFT ON SITE AS OF FEBRUARY 1ST.



1 THIS IS AUGUST 6, 1997. AERIAL
2 PHOTOGRAPH. AND THE INSERT'S THE DECEMBER 9TH ONE, AND
3 THIS IS BASICALLY HIGHLIGHTING WHAT WE DID WITH THE
4 LARGER ONES ALREADY HERE. AND WHAT YOU CAN SEE
5 SOMEWHAT DOWN HERE IN AREA H IS THAT THESE TIRES ARE
6 GONE, FLAT GONE. THAT'S BECAUSE WE'VE BEEN SUCCESSFUL
7 IN REMEDIATING THOSE OR STOCKPILING SOME OF THOSE FOR
8 THE WINTER BURN.
9 NEXT SLIDE, PLEASE. HERE COMES TO THE
10 BIG QUESTION IS HOW ARE WE PROCEEDING? WHAT'S OUR RATE
11 OF PROGRESS THAT WE HAVE HERE? IF YOU LOOK AT YOUR
12 GRAPH HERE OR YOUR BAR CHART, YOU SEE WE HAVE A START
13 POINT OF ABOUT 6 POINT MILLION TIRES ON SITE AS OF MAY
14 1ST, 1997, WHAT I'D LIKE TO CALL BASED ON THE MELP
15 AGREEMENT WORK PLAN. THIS IS NOT IN THE AGREEMENT PER
16 SE, BUT IT'S IN A WORK PLAN THAT WE WERE USING ALL
17 SUMMER LONG TO TRY TO REMEDIATE TIRES OFF THE SITE. SO
18 YOU WON'T SEE THIS IF YOU HAVE A COPY OF THE AGREEMENT
19 IN YOUR POCKET.
20 SO WE START AT 6.2 MILLION TIRES. MELP,
21 BEFORE WE GET INTO THE AGREEMENT, BURNS DOWN 7800 TONS
22 OR ABOUT THREE-QUARTERS OF A MILLION TIRES BY THE DAY
23 WE GET STARTED, JUNE 27TH. COME DOWN TO FEBRUARY 1ST,
24 AND YOU LOOK AT THIS NUMBER -- MINE'S VERY HARD TO READ
25 HERE, BUT IT LOOKS LIKE IT'S 2.7 MILLION TIRES. IF YOU



1 LOOK AT THAT, THAT'S ABOUT HALFWAY THROUGH THE PILE FOR
2 WHERE THE NUMBERS WOULD COME FROM.
3 IF YOU LOOK AT THE JUNE 27, WHICH IS MORE
4 IMPORTANT BECAUSE THAT'S OUR IN DATE OF WHAT WE BURNED
5 THE WHOLE YEAR THROUGH, WE'RE LOOKING ABOUT 1.46
6 MILLION TIRES LEFT ON SITE OR 14,600 TONS. WHAT WE'RE
7 LOOKING AT IS OTR WOULD BE COMMITTED TO REMEDIATE THAT
8 PARTICULAR PART IF, IN FACT, THE NUMBERS CHECKED OUT
9 THAT THAT'S WHAT WE HAD ON SITE
10 HERE IS OUR REMAINING TIRES BASED ON OUR
11 REVISED CALCULATIONS BASED UPON THE WASTE MANAGEMENT
12 BOARD/PSOMAS ESTIMATES OF TIRES ON SITE AS OF MAY 1ST.
13 OVER TO THE LEFT OF THE SCREEN IS WE HAVE 12.18 MILLION
14 TIRES ON SITE MAY 1ST, SIGNIFICANTLY HIGHER THAN 6.2
15 MILLION TIRES WE'D SEEN BEFORE. JUNE 27TH, WE HAD THAT
16 SAME NET DROP. NOTHING CHANGES THERE WITH THE RATE OF
17 CHANGE, BUT NOW WE'RE DOWN TO 11.4 MILLION TIRES.
18 FEBRUARY 1ST WE HAVE 8.7, 8.69 MILLION TIRES. JUNE 27,
19 1998, THIS IS THE KEY HERE, IS WE HAVE 7.4 MILLION
20 TIRES ON SITE. THAT'S OUR TARGET IN DATE, ALTHOUGH WE
21 MAY FINISH A LITTLE EARLY IF THINGS GO WELL.
22 LET'S GO BACK TO THE LAST SLIDE REAL
23 QUICK IF WE CAN GO PREVIOUS AND LOOK AT THIS. I JUST
24 WANT TO HIGHLIGHT THIS. IF YOU LOOK AT JUNE 27TH,
25 1998, NUMBER RIGHT HERE, WE'RE AT 1.46 MILLION TIRES ON



1 SITE AND THEN GO TO THE NEXT SLIDE, AND THEN WE HAVE
2 7.4 ON SITE MILLION AS OF JUNE 27TH, '98. THAT'S A NET OF
3 DIFFERENCE OF RIGHT AROUND 5.9 MILLION TIRES THAT ARE
4 ON SITE THAT WEREN'T IN THE ORIGINAL AGREEMENT. OKAY.
5 SO LET'S GO TO THE NEXT SLIDE. THE
6 CURRENT STATE OF THE CLEANUP IS BASICALLY THIS. WE'RE
7 ON TIME. AND ACTUALLY FROM WHAT I HEAR FROM MELP IN
8 THE FIELD IS WE MIGHT BE SLIGHTLY AHEAD OF TIME, BUT AS
9 FAR AS WHAT WE NEED TO BE AT, WE'RE ON TIME. AND WE'RE
10 ON BUDGET RIGHT NOW. RIGHT NOW WE'VE SPENT ABOUT
11 \$940,000 ON THE PROJECT SO FAR WITH THE 1.86 MILLION,
12 AND WE HAVE A SLIDING SCALE, SO THE COST GOES
13 SIGNIFICANTLY HIGHER IN THE LAST PART OF OUR YEAR
14 VERSUS THE FIRST PART. SO WE PLAN TO BE NOT COMING OUT
15 OF THIS WITH HARDLY ANY CHANGE IN OUR POCKET. IF IT
16 IS, IT WILL BE PRETTY SURPRISING. PRETTY CLOSE, PRETTY
17 TIGHT
18 SO IF YOU LOOK AT IT, THE 40,000 TONS FOR
19 THE 1.86 MILLION VERSUS WHAT IT WAS ORIGINALLY, 1.22
20 MILLION, THAT'S A PRETTY GOOD BUDGET FORECASTING,
21 THAT'S A PRETTY GOOD JOB.
22 LAST SLIDE. OKAY. REMAINING ISSUES AT
23 THE SITE, JUST TO RECAP. HERE WE HAVE 74,000 TONS
24 PROJECTED TO BEE ON SITE AS A JUNE 27, 1998. AND
25 ACCORDING TO ORT/WASTE MANAGEMENT BOARD AGREEMENT,



1 WHICH IS A DIFFERENT AGREEMENT, WHICH WE'RE NOT
2 UPDATING TODAY, IS WE'RE LOOKING AT HAVING OTR BEING
3 ABLE TO CLEAN UP THE SITE WITHIN 14 MONTHS UNDER THE
4 AGREEMENT. BEAR IN MIND THAT THAT NUMBER DID NOT
5 INCLUDE THIS 5.9 MILLION EXTRA TIRES. SO WITH THAT,
6 THAT CONCLUDES MY PRESENTATION. I'D ENTERTAIN
7 QUESTIONS.

B CHAIRMAN PENNINGTON: QUESTIONS? MR. CHESBRO.

9 BOARD MEMBER CHESBRO: SO BASICALLY WE'VE
10 MOVED FORWARD QUITE A BIT, BUT I CAN'T RESIST THE
11 SENSATION THAT WE'VE TREADING WATER BECAUSE THAT'S WHAT
12 IT FEELS LIKE. RELATIVE TO THE PROBLEM THAT ACTUALLY
13 EXISTED, WE'VE MADE A LOT OF PROGRESS. RELATIVE TO THE
14 PROBLEM WE THOUGHT WE HAD, IT FEELS LIKE WE HAVEN'T
15 GOTTEN ANYWHERE.

16 MR. CHANDLER: WELL, I THINK WE HAVE MADE
17 SIGNIFICANT PROGRESS. AND I THINK WHAT THE SLIDE IS
18 SHOWING -- I WANT TO ACKNOWLEDGE BOB AND THE STAFF. WE
19 HAVE, I THINK, FOR THE FIRST TIME PUSHED INTO SOME NEW
20 AREA, WHICH IS THAT WE ARE NOW BECOMING A DEFINITIVE
21 SOURCE OF COMPACTION RATES FOR THESE TYPES OF CANYON
22 FILLS WHERE YOU HAVE OVER A LENGTHY PERIOD OF TIME
23 TIRES SIMPLY STACKED. AND WHAT WE HAVE BROUGHT TO THIS
24 EQUATION IS NOW FACTORS THAT NO ONE HAS TO DATE BEEN
25 ABLE TO UTILIZE, WHICH IS THESE COMPACTION RATES WHICH



1 WE'RE NOW ABLE TO DERIVE FROM THE REMEDIATION THAT WENT
2 ON OVER THE SUMMER.
3 AND YOU'RE RIGHT. WHEN YOU CALCULATE
4 THOSE ADDITIONAL COMPACTION RATES, GIVEN THE TOTAL
5 QUANTITY AND THE TOPOGRAPHIC REVIEW, WE VASTLY
6 UNDERESTIMATED THE SIZE OF THAT PILE, OR LET'S JUST SAY
7 WE ACCEPTED AN ESTIMATE FOR FINANCIAL ASSURANCES
8 PURPOSES AND OTHER REASONS WITHIN THE PERMITS THAT
9 UNDERESTIMATED THE SIZE OF THE PILE.
10 HAVING SAID THAT, I THINK THE GOOD NEWS IS IS WE'RE NOW IN A
11 MUCH STRONGER POSITION TO LAY OUT
12 A SCHEDULE FOR NOT ONLY WHAT HAS BEEN ACCOMPLISHED, BUT
13 WHAT PERHAPS IS STILL AHEAD. PICK ANY SCENARIO YOU
14 WANT. IF WE PROCEED AT THE RATE WE'RE AT OR IF WE
15 REQUIRE CERTAIN CONDITIONS OF THE RESPONSIBLE PARTY,
16 BUT NEVERTHELESS I THINK WE HAVE FOR THE FIRST TIME
17 EVER REALLY BROKEN INTO SOME NEW GROUND ON SOME
18 COMPACTION RATES THAT GIVE US A GOOD HANDLE FOR WHAT'S
19 OUT THERE.
20 MR. ANDERSON: I'D LIKE TO ADD TWO QUICK
21 POINTS TO HERE TO SPIN OFF WHAT MR. CHANDLER JUST SAID
22 WAS IF, IN FACT, WE DO FLY THE SITE, AS WE'RE PLANNING
23 TO IN JUNE OF 1998 AT THE END OF OUR REMEDIATION
24 AGREEMENT PERIOD, THERE OUGHT TO BE OVER IN THE
25 NORTHERN PART OF THE SITE MORE OF THE UNDERLYING



1 TOPOGRAPHY EXPOSED. THAT WILL GIVE US GREATER
2 TOPOGRAPHICAL CONTROL THAN WE HAD BEFORE OR ANYBODY HAD
3 BEFORE. WE'LL HAVE A BETTER IDEA OF HOW MANY WERE
4 THERE BECAUSE WE STILL HAVE THE WEIGHT RECEIPTS.
5 THE SECOND AND A VERY IMPORTANT ISSUE I'D
6 LIKE TO BRING UP IS MS. BRENDA NIEMEYER FROM MY UNIT
7 HOOKED TOGETHER A POWERPOINT PRESENTATION AND BEARED
8 WITH ME, AND OUR MANAGER, CHARLENE HERBST, AFTER
9 SIGNIFICANT COACHING, TO PUT THIS TOGETHER SINCE THIS
10 OLD DOG DOESN'T KNOW POWERPOINT AT ALL. THANK YOU.
11 MR. CHANDLER: BOB, WOULD YOU JUST, ONCE AGAIN
12 USING THE PHOTOGRAPHS, WITH YOUR PEN CIRCLE THE AREAS
13 THAT -- PRIOR TO THE CLEANUP AND THEN THE AREA THAT YOU
14 ESTIMATE WILL BE GONE AFTER THE CLEANUP, SO THEY CAN
15 GET A FEEL FOR ON THIS WHOLE VISUAL DISPLAY WHERE IS
16 FOUR MILLION TIRES GOING TO BE GONE RELATIVE TO THE
17 VISUAL BECAUSE I THINK --
18 BOARD MEMBER JONES: YOU MIGHT WANT TO TURN
19 THIS A LITTLE BIT AT AN ANGLE. PRETTY SOON WE'RE GOING
20 TO HAVE THE WHOLE AUDIENCE SITTING UP HERE WITH US AS
21 THEY ALL RUSH FORWARD.
22 MR. ANDERSON: THIS ONE IS REALLY HARD TO SEE.
23 WHAT WE HAVE HERE IS THE AUGUST 1997 AERIAL PHOTOGRAPH.
24 IN DECEMBER WE HAVE ABOUT A FOUR-MONTH DIFFERENCE.
25 WHAT WE DID HERE IS THIS IS AREA H, PD 91 PROPERTY



1 HERE. HERE IT COMES RIGHT THROUGH THIS AREA. THIS PIT
2 IN THE RED DISTINGUISHES WHO HAS WHAT PART. WHAT WE'RE
3 LOOKING AT HERE IS THIS AREA IS NOT PART OF THE OTR
4 TIRE PILE. THIS IS THE MELP TRANSIENT TIRE DELIVERY
5 AREA HERE. THERE'S A SEPARATE PERMIT, MELP PERMIT.
6 IF WE'RE LOOKING AT HAVING BEEN REMOVED
7 HERE, IF YOU LOOK AT AREA H RIGHT HERE, THIS AREA IN
8 THIS CIRCLE HERE IS NOW GONE, PHYSICALLY REMOVED AND
9 EITHER REMEDIATED AT THE PLANT OR STOCKPILED DOWN HERE
10 IN AREA I SO THAT WE HAVE WINTER FUEL THAT WE CAN USE
11 DURING THE RAINY SEASON. THIS IS A STEEP SLOPE AND
12 IT'S VERY MUDDY UP HERE AND IN HERE WITH TRUCK --
13 WHEELED VEHICLES. TRACKED VEHICLES ARE marginally
14 OKAY. WHEELED VEHICLES IS NOT A SAFE PLACE TO BE AT.
15 THIS AREA IS CALLED AREA M. THIS AREA IS
16 ACTUALLY GROWING, AND YOU CAN SEE THIS WHEN WE GET TO
17 THE NEXT PHOTO SET. WHAT'S HAPPENING HERE, THESE ARE
18 THE GIANT TIRES CULLED FROM OVER HERE AND OVER HERE.
19 THEY'RE NOW WORKING UP IN HERE, WHICH IS AREA B, AND
20 PART OF AREA E, WHICH IS UP IN HERE. SO THIS AREA UP
21 IN HERE WILL PROBABLY BE GONE RIGHT THROUGH HERE. THIS
22 AREA WILL BE GONE AND MAYBE PART OF THIS, WHICH I
23 BELIEVE IS CALLED AREA G RIGHT NOW HERE WILL BE GONE.
24 AREA G IS AN INTERESTING CASE. LOOKING
25 AT THIS, TAKING THIS COMPLETELY OUT AND HAVING THE MELP



1 STAFF CAREFULLY TRACK THE EXACT TONNAGES COMING OUT OF
2 HERE BECAUSE WE HAVE A GOOD VOLUME ESTIMATE, USE THE
3 VOLUME ESTIMATE ONCE THESE ARE GONE AS A CONTROL AND
4 SEE HOW CLOSE A DENSITY WE CAN GET, HOW TIGHT, TIGHTEN
5 UP OUR NUMBER. WHAT WE'D LIKE TO DO THEN IS SEE ABOUT
6 MAYBE LOOKING AT MAY 1ST, '97, BASED ON THE NUMBER
7 COMING UP IN JUNE.
8 BIG THING TO SHOW YOU HERE, BESIDES FOUR
9 MILLION BEING FROM HERE, HERE, PART OF HERE, MAYBE GET
10 OVER HERE BY MR. PHILBIN'S PD 91 PROPERTY LINE, WE'RE
11 LOOKING AT PROBABLY ABOUT A MILLION TIRES RIGHT HERE
12 ALL BY ITSELF. SO WHAT WE'RE LOOKING AT IS GETTING
13 THOSE GONE TO SOME DEGREE AND THEN COME BACK HERE AND
14 SEE WHAT ELSE IS LEFT TAAT CAN BE DONE AT THE SITE.
15 WE'D LIKE TO GET THAT ACCOMPLISHED BEFORE WE END OUR
16 AGREEMENT. I MENTIONED WE'RE SLIGHTLY AHEAD.
17 THE FIGURE I GOT FROM MELP THIS MORNING
18 WAS IF, IN FACT, WE BURN AT THE RATE WE'VE BEEN BURNING
19 AT -- THEY'LL GO DOWN FOR FIVE DAYS FOR THE SEMIANNUAL
20 MAINTENANCE IN APRIL. THEY'RE PLANNING TO DO THAT ON
21 DR ABOUT MAY 19TH -- THROUGH 40,000 TONS, SO WE'RE A
22 LITTLE AHEAD. ANY OTHER QUESTIONS?
23 CHAIRMAN PENNINGTON: MR. FRAZEE.
24 BOARD MEMBER FRAZEE: THE REVENUE STREAM THAT
25 WILL ACCOMPLISH THIS 40,000 TONS CONSISTS OF SOME



1 374,000. IS THAT THE NUMBER THAT WAS DEPOSITED IN THE
2 OTR ACCOUNT?
3 MR. CHANDLER: LET ME SPEAK TO THAT, BOB.
4 THERE WAS APPROXIMATELY THAT AMOUNT IN A TRUST FUND,
5 BUT, AS YOU RECALL, WE NEGOTIATED ADDITIONAL DEPOSITS
6 INTO THE TRUST FUND THROUGH THE OTR AGREEMENT TO A
7 TOTAL OF APPROXIMATELY -- DON'T HOLD ME TO THIS
8 FIGURE - - BUT ABOUT \$640,000. AND THAT WAS SUPPLEMENT
9 THE 1.2 MILLION THAT THE BOARD ALLOCATED FOR A ROUGH
10 TOTAL OF ABOUT 1.8 THAT BOB'S REFERRING TO.
11 I THINK THE WAY WE LOOK AT THAT IS PART
12 OF THE TRUST FUND CONTRIBUTION IS, IF YOU WILL, A
13 PERCENTAGE OF EVERY TIRE REMEDIATED. IN OTHER WORDS,
14 THAT MONEY IS PUT INTO A SINGLE FUND, AND THE WAY I
15 LIKE TO LOOK AT IT IS THE TRUST FUND WAS BEGINNING TO
16 CONTRIBUTE TOWARDS THE REMEDIATION ON A PERCENTAGE AS
17 WE MOVE FORWARD WITH THE FULL BUDGET.
18 BOARD MEMBER FRAZEE: AND SO THAT FUND WILL BE
19 ELIMINATED ENTIRELY, AND OUR APPROPRIATION WILL BE
20 ELIMINATED ENTIRELY THE 27TH.
21 MR. CHANDLER: RIGHT. AS BOB SAID, WE
22 ANTICIPATE EXHAUSTING THE BUDGET IN HAVING ACHIEVED THE
23 FOUR MILLION BURNDOWN MID-MAY, AND THAT WILL BE
24 ENCUMBERING AND UTILIZING ALL THOSE FUNDS AVAILABLE;
25 THAT'S RIGHT.



1 BOARD MEMBER FRAZEE: AND I THINK YOU
2 INDICATED THAT THEY'RE ACTUALLY AHEAD OF SCHEDULE ON
3 THIS?
4 MR. ANDERSON: YES, SIR.
5 BOARD MEMBER FRAZEE: WAS THERE ANY INTENTION
6 ON THEIR PART TO SLOW DOWN TO MEET THAT DATE OR --
7 MR. ANDERSON: MR. ED TOMEO FROM MODESTO
8 ENERGY LIMITED PARTNERSHIP, UNITED ENERGY CORPORATION
9 IS HERE AND MAY WANT TO ADDRESS THAT MORE THAN I DO
10 SINCE THAT'S WHAT I THINK THEY WOULD LIKE TO TALK
11 ABOUT.
12 CHAIRMAN PENNINGTON: LET'S FINISH IF THERE'S
13 ANY OTHER QUESTIONS OF STAFF HERE FIRST.
14 BOARD MEMBER JONES: JUST HAVE JUST A COUPLE
15 OF POINTS. BY THE WAY, THIS IS A VERY GOOD
16 PRESENTATION TO ALL PARTIES INVOLVED. IT'S VERY --
17 THIS IS TOUGH STUFF TO DEAL WITH WHEN YOU DON'T KNOW
18 WHAT THE EXISTING CONTOUR WAS OF THE SITE OF A VALLEY
19 OR A MOUNTAIN PRIOR TO FILLING IT.
20 BUT I THINK MORE FOR A POINT OF
21 CLARIFICATION AND FOR THE FACT THAT MR. EATON IS NEW
22 AND THERE'S PEOPLE OUT IN THE AUDIENCE, WHEN WE ENTERED
23 INTO THIS AGREEMENT TO REMEDIATE THIS PILE OR TO START
24 REMEDIATING IT BECAUSE OF THE HEALTH AND SAFETY ISSUES,
25 THERE WAS A -- THERE WAS AN ISSUE THAT IT WAS CORPORATE



1 WELFARE. AND I THINK IF WE GO BACK TO THE NUMBERS THAT
2 WERE ESTABLISHED EARLY IN YOUR PRESENTATION, I THINK IT
3 IS IMPORTANT TO TALK ABOUT THE FACT THAT WE WERE PAYING
4 \$16 A TON OR -- \$16 A TON - - TO DEAL WITH TIRES WHERE
5 IN OUR REMEDIATION CONTRACTS WE'RE LOOKING AT, YOU
6 KNOW, A HUNDRED BUCKS A TON. OR NOT A HUNDRED A TON,
7 BUT BUCK A TIRE, ABOUT A BUCK A TIRE.
8 SO THERE WAS A HUGE SAVINGS. I MEAN YOU
9 COULD EITHER SPEND 16 CENTS OR SPEND A BUCK, YOU KNOW,
10 WHAT MADE SENSE. SO I WANTED TO BRING PART OF THAT OUT
11 AS TO PART OF TAKING ADVANTAGE OF MELP BEING THERE
12 PRIOR TO THEM HITTING THE CLIFF DATE AND TAKING
13 ADVANTAGE OF THAT RESOURCE RATHER THAN SPENDING FOUR
14 TIMES THE MONEY OR FIVE TIMES THE MONEY TO TRY TO
15 REMEDIATE IT IF EVERYBODY WALKED AWAY FROM IT.
16 THE OTHER THING THAT I'M CONCERNED ABOUT
17 15 THAT I DON'T KNOW HOW WE DEAL WITH THIS SINCE THIS
18 IS AN INFORMATIONAL ITEM IS THAT WE'VE GOT 5.9 MILLION
19 TIRES MORE THAN WE THOUGHT AND OBVIOUSLY MORE THAN WHAT
20 WE DETERMINED CLOSURE-POSTCLOSURE RESPONSIBILITY WOULD
21 BE, WHICH BEGS THE QUESTION OF FINANCIAL
22 RESPONSIBILITY. AND HOW DO WE DEAL WITH THAT ISSUE?
23 DO WE BRING THIS ITEM BACK TO THE BOARD? I MEAN WHAT
24 DO WE DO TO DEAL WITH THIS SHORTFALL?
25 MR. CHANDLER: DOROTHY, DO YOU HAVE ANYBODY



1 FROM THE FINANCIAL ASSURANCE BRANCH THAT COULD COME
2 FORWARD?
3 MS. RICE: I BELIEVE GARTH AND RICHARD ARE
4 PRESENT IN THE AUDIENCE.
5 MR. CHANDLER: I'D LIKE TO HAVE THEM COME
6 FORWARD AND JUST ANSWER THE BASIC QUESTION. BUT AS I
1 UNDERSTAND IT, WE STILL HAVE A PERMIT THAT HAS -- I
8 THINK YOUR POINT IS VASTLY UNDERFUNDED FINANCIAL
9 ASSURANCES FOR THE REMAINDER OF THE SITE. GARTH, WHAT
10 WOULD BE, AND JUST USE THIS IN AN ANALOGOUS CASE IF IT
11 WAS A LANDFILL, IF WE MAKE FINANCIAL ASSURANCE
12 ADJUSTMENTS THAT NEEDED TO BE MADE ON A LANDFILL,
13 WHAT'S THE PROCESS?
14 BOARD MEMBER JONES: CAN I QUALIFY THE
15 QUESTION TOO BEFORE YOU ANSWER, GARTH. FOR THE
16 PURPOSES OF GIVING ME THE ANSWER I NEED, I DON'T WANT
11 TO GO DOWN THE ROAD OF WHAT IT WOULD COST TO GO TO
18 KEEFER OR DO ANY OF THOSE THINGS. I'M TALKING APPLES
19 FOR APPLES. OKAY. WE BASE THIS ON -- I THINK WE BASED
20 CLOSURE ON 16 CENTS A TIRE. I JUST WANT TO KNOW IN --
21 I WANT IT TO BE IN THOSE TERMS. I DON'T WANT IT TO BE
22 ALL EXPANSIVE AND GO OVER TERRITORY WE'VE BE ON, YOU
23 KNOW, JUST ON THE ISSUE OF THE 16 CENTS.
24 MR. CHANDLER: STEVE, MAYBE WHAT WOULD BE
25 HELPFUL BEFORE HE ANSWERS THE SPECIFIC QUESTION. BOB,



1 DO YOU HAVE A SLIDE THAI SPOKE TO THE COST OF THE
2 REMAINDER?
3 LET ME JUST SEE IF I CAN DO THAI. WHAT
4 WE TRIED TO DO HERE IS SHOW YOU THAT AS THE GRAPHS YOU
5 JUST SAW, WE THINK IN TONNAGES THERE'S AN ADDITIONAL
6 74,000 IONS OUT THERE. STAFF ARE ESTIMATING THAT BASED
7 ON THE RATIOS 10 DATE THAT ABOUT 50,000 IS BURNABLE AND
8 PROBABLY 24,000 ARE OVERSIZED. MOVING HORIZONTALLY
9 ACROSS, ON A WEIGHTED AVERAGE, WE'VE BEEN REMEDIAIING
10 THIS ON A PER ION BASIS A1 ABOUT \$46.60 A TON. AND THE
11 OVERSIZED ARE ESTIMATED TO BE ANYWHERE FROM 137 10 \$172
12 A TON. YOU KNOW, YOU'RE TALKING ABOUT LARGE EARTH
13 MOVING TRACTOR TIRES THAT WOULD HAVE TO BE SAWN UP AT
14 THE SITE OR HOWEVER THEY PHYSICALLY REMOVE THEM AND
15 TAKE THEM TO AN APPROPRIATE PLACE. THEY DO NOT
16 ACCOMMODATE THE ENERGY PLANT'S CONVEYOR SYSTEM.
17 AND SO SIMPLY RUNNING THOSE NUMBERS
18 ACROSS, THE 50,000 IONS AND A WEIGHTED AVERAGE -- AND
19 THIS IS HYPOTHETICAL. THIS IS NOT PART OF ANY
20 AGREEMENT -- A1 \$46 A TON, YOU CAN SEE WE'VE GOT \$2.3
21 MILLION IN COSTS, LOOKS LIKE WITH A 20-PERCENT
22 CONTINGENCY, YOU ARE LOOKING A1 2.8 MILLION. THE REAL
23 PRICE TAG COMES WHEN YOU DEAL WITH ALL THESE OVERSIZED,
24 AND THAT'S ANOTHER ADDITIONAL FOUR 10 FIVE MILLION.
25 AND SO YOU CAN SEE THAI WE HAVE AN ESTIMATE RIGHI NOW



1 OF ANYWHERE BETWEEN 6.7 TO \$7.7 MILLION THAT WOULD BE
2 NEEDED FOR THE CONTINUED REMEDIATION OF THIS SITE.
3 AND I THINK YOUR QUESTION, MR. JONES,
4 WAS -- AND WE HAVE A FINANCIAL ASSURANCE MECHANISM IN
5 PLACE OF ABOUT A MILLION DOLLARS. SO THE GENERIC
6 QUESTION, GENTLEMEN, IS WHAT'S THE PROCESS WE HAVE IN
7 THE BOOKS FOR MAKING ADJUSTMENTS HERE?
8 MR. ADAMS: I THINK MR. JONES MADE MY ANSWER
9 EASIER AND RALPH HAS MADE IT EVEN EASIER STILL SINCE I
10 THINK RALPH DID MOST OF THE MATH. WHEN AN OPERATOR,
11 LANDFILL TIRE FACILITY, IN THIS CASE TIRE FACILITY,
12 REVISES A COST ESTIMATE, WHICH IN THIS CASE IT APPEARS
13 THAT WE HAVE AN INCREASE IN THE COST ASSOCIATED WITH
14 REMOVING THE TIRES TO MELP FROM THE ORIGINAL PERMIT,
15 THAT THE OPERATOR HAS 60 DAYS TO ADJUST THEIR FINANCIAL
16 ASSURANCE FOR THE SITE. AND THAT'S OUT OF THE REGS.
17 THE NEW COST ESTIMATE, GIVEN THE SLIDE
18 THAT'S UP, AND THE FACT THAT THEY HAVE A MILLION DOLLAR
19 POLICY SITTING ON THE FACILITY, SOME QUICK MATH
20 BASICALLY IN THE RANGES THAT ARE PROVIDED ON THE
21 TOTALS, THEY ARE REQUIRED TO PROVIDE AN ADDITIONAL 5.7
22 TO \$6.7 MILLION.
23 MR. CHANDLER: DOES THAT ANSWER YOUR
24 QUESTIONS, MR. JONES?
25 BOARD MEMBER JONES: UNFORTUNATELY. WE -- I



1 WANT TO BE CAREFUL HERE BECAUSE I DON'T WANT -- WE
2 HAVE -- WE'RE GETTING AN UPDATE OF THE MELP AGREEMENT
3 AND THE FACT THAT THEY ARE COMPLYING WITH THEIR
4 CONTRACT WITH THE BOARD. AND I THINK THAT THAT IS WHAT
5 THIS DISCUSSION IS ABOUT.
6 I THINK THE OTHER ISSUE OF OUR -- WHICH
7 HAS NOTHING TO DO WITH MELP, BUT OUR CONTRACT WITH OTR,
8 AND, YOU KNOW, WHAT OUR GOALS WERE. WE NEED TO -- WE
9 NEED TO HAVE A DISCUSSION, I THINK, PRETTY QUICKLY
10 ABOUT HOW WE ARE GOING TO DEAL WITH THIS BECAUSE PART
11 OF OUR CONTRACT WAS THAT WE WOULD RELIEVE OXFORD OF THE
12 EQUIVALENT OF FOUR MILLION TIRES TO REMEDIATE. AND
13 WE'RE DOING THAT. OR MELP IS DOING IT WITH OUR FUNDS
14 AND THAT'S GOOD.
15 BUT THERE IS -- WE ASSUMED THAT A MILLION
16 THREE OR WHATEVER THOSE DOLLARS WERE WAS GOING TO TAKE
17 CARE OF OXFORD'S OBLIGATION TO FINISH CLEANING UP THE
18 SITE. SO I THINK WE NEED TO REALLY VERY QUICKLY GET
19 INTO THAT DISCUSSION WITH THEM AND TALK ABOUT EXACTLY
20 WHEN -- HOW WE ARE GOING TO BE ABLE TO PUT A CLOSURE
21 THE CLOSURE PLAN TOGETHER. I MEAN AS FAR AS RIGHT NOW
22 IT IS TIRE PILE, WASTE BOARD FUNDED REMEDIATION, OXFORD
23 CLEANUP. AND WHAT I'M SEEING -- AND THAT WAS SUPPOSED
24 TO BE THE END OF THIS THING, BUT I SEE THIS THING OUT
25 HERE NOW.



1 AND WE'VE GOT SOME ISSUES WE HAVE TO DEAL
2 WITH AS TO, NO. 1, HOW WE HAVE LIVED UP TO OUR PART OF
3 THIS BARGAIN, THIS CONTRACT, AND WHEN DOES THEIR
4 REMEDIATION KICK IN, AND WHAT ARE THEY GOING TO BE ABLE
5 TO DO AND HOW ARE WE GOING TO BE ABLE TO DEAL WITH
6 THIS? AND I WOULD LIKE THIS CONVERSATION TO BE SOONER
7 THAN LATER, MR. CHAIRMAN. I'M JUST REAL WORRIED THAT
8 WE'RE GOING TO HAVE TO PUT MELP IN A POSITION, AS WELL
9 AS OXFORD IN A POSITION WHERE THERE'S GOING TO BE A LOT
10 OF UNKNOWNNS HERE THE LONGER THAT THIS IS UNANSWERED.
11 AND I THINK WE NEED TO ACT VERY, VERY QUICKLY TO TRY TO
12 COME UP WITH A REMEDY THAT'S GOING TO WORK, WHETHER
13 IT'S AN ITEM OR HOW WE DO THAT.
14 CHAIRMAN PENNINGTON: OKAY. LET'S HEAR FROM
15 MR. TOMEIO
16 BOARD MEMBER CHESBRO: ASK ONE QUESTION, KIND
17 OF A SIDE QUESTION, I THINK, THAT STEVE HAS BEEN
18 ADDRESSING, CENTRAL QUESTION.
19 CHAIRMAN PENNINGTON: DO YOU NEED STAFF FOR
20 THIS?
21 BOARD MEMBER CHESBRO: I WAS GOING TO ASK
22 RALPH AND MAYBE DIRECT IT TO STAFF. THESE OVERSIZE
23 TIRES, AM I CORRECT IN UNDERSTANDING THAT IF THEY ARE
24 CHOPPED UP ON SITE SOMEHOW OR SOMETHING, THAT THERE'S
25 NO WAY TO USE THEM IN THE TIRE PLANT, THAT OPTION IS



1 SIMPLY NOT AVAILABLE EVEN IF THEY'RE SOMEHOW PROCESSED
2 ON SITE?
3 MR. CHANDLER: I'M NOT THE ONE TO ANSWER THAT.
4 MAYBE WHEN YOU ARE READY TO HEAR FROM MR. TOMEO, HE CAN
5 SPEAK TO IT.
6 MR. TOMEO: BASICALLY WE'RE NOT SURE. IT'S
7 BASICALLY A MATTER, AS I SAID BEFORE, OF ECONOMICS
8 TOO. OUR --
9 CHAIRMAN PENNINGTON: EXCUSE ME. YOU WANT TO
10 IDENTIFY YOURSELF FOR THE RECORD HERE?
11 MR. TOMEO: ED TOMEO FROM UNITED AMERICAN
12 ENERGY. LARGEST TIRE WE CAN ACCEPT RIGHT NOW IN OUR
13 NORMAL EQUIPMENT IS ABOUT 52 INCHES IN DIAMETER, SO
14 FOUR AND A HALF FEET IN DIAMETER. THE OVERSIZE TIRES
15 WE'RE TALKING ABOUT RANGE AS LARGE AS 12 FEET IN
16 DIAMETER AND WEIGH WELL OVER A TON.
17 WE HAVE DONE SOME EXPERIMENTATION WHERE
18 CHOPPED UP PIECES OF THOSE TYPES OF TIRES ARE INSERTED
19 INTO TO, SAY, A TRACTOR-TRAILER TIRE, AND THAT THING
20 GOES UP AS A HOCKEY PUCK UP THE CONVEYOR BELT AND GETS
21 BURNT. OBVIOUSLY THAT PROCESS OF CHOPPING A GIANT TIRE
22 INTO SMALLER SHREDS AND HAND FEEDING THEM INTO ANOTHER
23 TIRE IS EXTREMELY TIME CONSUMING AND PROBABLY COST
24 PROHIBITIVE. BUT WE ARE EXPLORING, IN ANTICIPATION OF
25 THIS DILEMMA, OTHER UTILIZATION OPPORTUNITIES.



1 1 KNOW THAT SOME HAD BEEN SHIPPED OUT
2 PREVIOUSLY ACTUALLY THROUGH OXFORD TIRE RECYCLING FOR
3 USES AS DOCK BUMPERS FOR LARGE OCEANGOING VESSELS.
4 WE'RE ANTICIPATING TO TEST THE MARKET ON THAT IF WE GET
5 THE RESPONSIBILITY.
6 BOARD MEMBER CHESBRO: IT'S RELATED, BUT IT'S
7 REALLY A SIDE ISSUE. I DIDN'T WANT TO SPEND A LOT OF
8 TIME ON IT. I WAS JUST CURIOUS AS TO HOW MUCH THAT HAD
9 BEEN LOOKED AT.
10 CHAIRMAN PENNINGTON: MR. TOMEO, GO AHEAD.
11 MR. TOMEO: BEFORE I RESPOND TO MR. FRAZEE'S
12 QUESTION, WHICH REALLY RELATES TO OUR GOING FORWARD
13 RELATIONSHIP, I HAVE HERE STEVE ARTUS, WHO'S OUR
14 BUSINESS GENERAL MANAGER OF THE MODESTO ENERGY LIMITED
15 PARTNERSHIP. AND HIS REVIEW OF THE AGENDA ITEM NO. 19,
16 I GUESS IT IS, BROUGHT UP A FEW COMMENTS THAT HE WISHES
17 TO SHARE WITH THE BOARD FOR UA, AND FROM THERE I'LL
18 STEP BACK IN.
19 MR. ARTUS: MEMBERS, MR. CHAIRMAN, MY NAME IS
20 STEVE ARTUS. I'M REPRESENTING MODESTO ENERGY. I GUESS
21 THE FIRST THING I WANT TO SAY IS I WANT TO THANK YOUR
22 STAFF. LAST JUNE, WHEN THIS AGREEMENT WAS APPROVED, IT
23 WAS GIVEN TO BOB ANDERSON AND MYSELF TO IMPLEMENT, AND
24 WE JOINTLY DEVELOPED A REMEDIATION PLAN THAT'S WORKED
25 VERY WELL. AS BOB SAID, BARRING ANY OPERATIONAL



1 DIFFICULTIES WITH THE PLANT, WE ACTUALLY EXPECT TO BURN
2 OUR FOUR MILLION TIRES PROBABLY IN MID-MAY SOMETIME.
3 WE'LL BE SLIGHTLY UNDER BUDGET. SO I WANT TO AGAIN
4 THANK STAFF BECAUSE THEY'VE BEEN VERY HELPFUL AND I
5 APPRECIATE THAT.
6 I THINK THE OTHER THING, COUPLE OTHER
7 THINGS I WANTED TO MENTION. ONE, AS ED HAS ALREADY
8 ALLUDED TO, THE GIANT TIRE REMEDIATION. WE'RE NOT
9 CERTAIN THOSE CAN BE INCINERATED IN THE PLANT. WE'D
10 LIKE TO DO IT. WE THINK THAT'S THE BEST USE, AND WE
11 HOPE WE CAN DO IT. WE'RE STUDYING WAYS TO DO IT RIGHT
12 NOW THAT MIGHT BE COST-EFFECTIVE, BUT WE DON'T HAVE AN
13 ANSWER YET ON THAT.
14 IN ADDITION TO THAT, AS BOB POINTED OUT,
15 THE REMEDIATION COST, IT IS A SLIDING COST, AS YOU SAW,
16 WITH THE CAPS FOR RETRIEVAL FEE AND FOR INCREMENTAL
17 COSTS. IF WE GO BEYOND THE FOUR MILLION TIRES, RIGHT
18 NOW WITH THE AGREEMENT, THAT WOULD BE \$74 A TON TO
19 CONTINUE REMEDIATING IN THE PILE. WE CAN TAKE A LOOK
20 AT THAT AND SEE WHAT KIND OF ACTUAL COST WE'D HAVE
21 GOING FORWARD. I JUST WANTED TO POINT THAT OUT. I
22 THINK THAT CONCLUDES MY COMMENTS. THANK YOU VERY MUCH.
23 MR. CHANDLER: COULD I ASK A QUESTION, MR.
24 CHAIRMAN? I DON'T WANT TO PREEMPT -- I KNOW WHERE YOU
25 ARE GOING AND I WON'T ASK THAT QUESTION.



1 MR. ARTUS, YOU'RE OUT AT THE SITE, I
2 ASSUME, WITH MR. ANDERSON ON A VERY FREQUENT BASIS, AND
3 YOU SAW STAFF'S PRESENTATIONS RELATIVE TO TRYING TO
4 COME UP WITH REFINED NUMBERS FOR THE REMAINING SIZE OF
5 THE PILE. IS THERE ANYTHING IN THAT PRESENTATION THAT
6 YOU FOUND INCONSISTENT WITH YOUR OWN KNOWLEDGE OR
7 UNDERSTANDING OF WHAT YOU THINK THE REMAINING SIZE OF
8 THIS PILE IS?
9 MR. ARTUS: WITH THE REMAINING SIZE OF THE
10 PILE? BASED ON OUR OBSERVATIONS OF WHAT WE BURNED AND
11 WHAT IT LOOKS LIKE IS OUT THERE, I WOULD NOT FIND THE
12 REVISED SIZE OF THE PILE INCONSISTENT WITH OUR OWN
13 OBSERVATIONS. WE CERTAINLY HAVEN'T DONE OUR OWN
14 ESTIMATES. AS YOU KNOW, IT'S SOMETIMES DIFFICULT TO
15 TELL WITH THE BAGELED TIRES AND THAT KIND OF THING.
16 BOARD MEMBER JONES: MR. CHAIRMAN, AN
17 INTERESTING THING STRUCK ME. I WAS NOT AWARE THAT WE
18 WERE LOOKING AT \$74 A TON TO -- FOR THE NEXT PHASE OF
19 THIS THING. WHAT ARE WE PAYING FOR AVERAGE
20 REMEDIATIONS RIGHT NOW? WASN'T IT SOMEWHERE BETWEEN 84
21 AND A HUNDRED -- APPROXIMATELY HOW MUCH ARE WE PAYING A
22 SUKUT TO GO IN AND CLEAN UP A TIRE SITE, AND WHAT'S OUR
23 AVERAGE SUBCONTRACTOR NUMBER?
24 MS. RICE: THERE HAS BEEN A GREAT DEAL OF
25 VARIETY, AND MAYBE STAFF WANT TO HELP ME OUT. I'VE



1 SEEN FIGURES 85 CENTS, A DOLLAR SOMETHING. IT'S VARIED
2 A GREAT DEAL. AND WE HAVEN'T HAD ANY INCREDIBLY RECENT
3 EXPERIENCE DUE TO THE PROBLEMS WE'VE HAD WITH THIS
4 CONTRACT.

5 BOARD MEMBER JONES: I WONDERED BECAUSE THIS
6 74 WAS GETTING CLOSE TO, YOU KNOW, BEGGING THE QUESTION
7 OF - -

8 MR. CHANDLER: REMEMBER, MR. JONES, THE LAST
9 TIRE BURNED IS THE MOST EXPENSIVE AND THE FIRST TIRE
10 BURNED WAS THE CHEAPEST. AND I THINK THAT THE CHART I
11 SHOWED SHOWED AN AVERAGE COST OF \$46 A TON.

12 BOARD MEMBER JONES: NO, I UNDERSTAND.

13 MR. CHANDLER: I THINK THAT THE COMMENT THAT
14 WAS MADE IS THEY'RE ASSUMING A CONTINUATION OF THE
15 LATEST PER TON CHARGE, IF YOU WILL, OR RATE, WHICH - -

16 BOARD MEMBER FRAZEE: THAT \$46 IS A PROJECTED,
17 AS I READ THE CHART, PROJECTED FOR THE NEXT 50,000
18 TONS.

19 MR. CHANDLER: NO. WHAT WE DID WAS WE SIMPLY
20 TOOK THE RATE SCHEDULE THAT WE OPERATED ON RIGHT NOW --
21 CORRECT ME, BOB, IF I'VE MISSED THIS -- AND APPLIED IT.

22 MR. ANDERSON: BOB ANDERSON AGAIN HERE. WHERE
23 I GOT THE \$46.60 PER TON FOR THE 50,000 TONS OF THE
24 PASSENGER TIRE EQUIVALENTS CAME FROM AN EVALUATION
25 TAKING THE \$1.86 MILLION AND DIVIDING THAT NUMBER BY



1 40,000 TONS TO GET DOLLARS PER TON. SO THAT'S \$46.6
2 PER TON.
3 WHAT WE'RE LOOKING AT HERE, THIS IS AN
4 AVERAGE. WE DO HAVE A SLIDING SCALE SO THINGS ARE MUCH
5 MORE EXPENSIVE IN THE END THAN IT WAS IN THE BEGINNING.
6 THERE'S THREE INTEGRAL COMPONENTS IF YOU LOOK AT THE
7 COST SCHEDULING THAT WE HAD HERE. WE HAD THE TIPPING
8 FEE, THE RETRIEVAL FEE, AND THE INCREMENTAL EXPENSE OR
9 INCREMENTAL COST FEE, AND ALL THOSE CHANGED EXCEPT FOR
10 THE INCREMENTAL COST FEE, WHICH IS KEPT AT \$4 A TON.
11 THAT'S THROUGHOUT THE ENTIRE LIFE OF THIS PARTICULAR
12 AGREEMENT
13 I HAD TALKED TO MR. ARTUS ON THE PHONE
14 ONE DAY, AND WE WERE TRYING TO FIGURE OUT WHAT MIGHT BE
15 FOR A -- JUST A NUMBER RIGHT NOW, NOT A NEGOTIATED
16 NUMBER, NOT A CONTRACTUAL NUMBER FOR NOW, JUST FOR AN
17 ESTIMATE TO TRY TO GET A CHART LIKE THIS TOGETHER WHERE
18 WE MAY BE WITH COSTS. SO THAT REPRESENTS THE 40,000
19 TONS BY THE \$1.86 MILLION DOLLARS. THAT'S HOW I CAME
20 UP WITH THAT NUMBER. WE ARE MUCH MORE EXPENSIVE.
21 THERE ARE MUCH MORE EXPENSIVE THINGS GOING ON NOW. WE
22 DON'T HAVE THE BENEFIT OF \$16 A TON ANYMORE. THAT'S
23 OUT. SO IF YOU LOOK AT IT WITH THAT IN MIND, IF WE
24 WERE AT \$34 A TON, WE'D HAVE BEEN UP HIGHER ANYWAY IN
25 THE BEGINNING.



1 BOARD MEMBER FRAZEE: YOU KNOW, THE CHART SAYS
2 COST TO REMEDIATE REMAINING TIRES BY INCINERATION. AND
3 THAT LED ME TO BELIEVE THAT THAT ESTIMATED COST WAS 46,
4 AND I'M HEARING 74 FROM --
5 MR. ANDERSON: THAT IS SOMETHING THAT'LL HAVE
6 TO BE DETERMINED AT A LATER DATE IF THERE'S SUCH A
7 MOTION TO DO THAT. TURNS OUT TO BE THAT WAS JUST FOR
8 OUR ESTIMATING PURPOSES A NUMBER THAT WAS PUT OUT AFTER
9 I HAD A CONVERSATION WITH MR. ARTUS.
10 NOW, IF YOU LOOK AT THE SCALE WHERE WE
11 STAND NOW IN THE AGREEMENT, YOU CAN SEE FOR YOURSELF
12 THAT IT IS AS WE'RE IN THE RANGE FROM 30,000 TO 40,000
13 TONS, IT IS MUCH MORE EXPENSIVE. SO WE'RE GETTING THE
14 BENEFIT OF A DOUBT OF A LOWER NUMBER. WE CAN COME BACK
15 WITH A REVISED NUMBER AFTER SOME FURTHER INVESTIGATION.
16 BOARD MEMBER FRAZEE: SO WE'RE STARTING AT THE
17 HIGH POINT OF THAT AND PROGRESSING UP FROM THERE.
18 MR. ANDERSON: THAT'S WHAT IT APPEARS TO ME
19 TOO.
20 BOARD MEMBER FRAZEE: THE EASY TIRES HAVE ALL
21 BEEN TAKEN.
22 MR. ANDERSON: THAT'S PRETTY MUCH THE WAY IT
23 LOOKS RIGHT NOW IF YOU GO IN THE FIELD. IF YOU WERE
24 WALKING DOWN THE VALLEY WITH ME, YOU WOULD SEE THAT A
25 LOT OF THE EASIER PICKINGS ARE PRETTY MUCH TAKEN EXCEPT



1 FOR AREA I AND AREA G.

2 BOARD MEMBER FRAZEE: SO WE CAN ASSUME THAT

3 THIS TWO MILLION EIGHT IS ACTUALLY MUCH MORE THAN THAT.

4 THE TWO MILLION EIGHT FIGURE FOR 50,000 TONS - -

5 MR. ANDERSON: IF YOU LOOK AT THAT PARTICULAR

6 NUMBER, SIR, AND YOU TAKE THAT AND TRANSLATE IT FROM

7 50,000 TONS AT, SAY, \$74 PER TON, THAT COMES OUT

8 ROUGHLY, WHAT, \$3.7 MILLION RIGHT THERE.

9 BOARD MEMBER FRAZEE: THAT'S THE NUMBER THAT

10 WE NEED TO DEAL WITH, I THINK, IS THE 3.7 NUMBER.

11 MR. ANDERSON: I THINK THAT'S FOR RALPH AND

12 MR. TOMEO AND YOURSELVES TO DECIDE.

13 CHAIRMAN PENNINGTON: RIGHT.

14 MR. TOMEO: ED TOMEO AGAIN AND MAYBE TO HELP

15 TAKE BOB ANDERSON OUT OF THE HOT SEAT THERE. THE SCALE

16 THAT WE DID NEGOTIATE ACTUALLY WITH CURT REMY FROM PEAT

17 MARWICK IN PUTTING THIS CONTRACT TOGETHER WAS BASED ON

18 OUR ANTICIPATION THAT WE WERE GOING TO BE NEAR THE END

19 OF THE TIRE PILE IN PICKING UP THESE TIRES, AND YOU

20 RAISED AN IMPORTANT QUESTION OF, YOU KNOW, WHERE THE

21 EASY PICKING TIRE IS TAKEN CARE OF. ACTUALLY ONE OF

22 THE MOST EXPENSIVE REGIONS WE HELPED TO REMEDIATE WAS

23 THIS VERY STEEP SLOPE OVER HERE. YOU CAN SEE THAT VERY

24 STEEP SLOPE IS CLEAR. AND WHAT THEY WERE DONE, AS BOB

25 CORRECTLY POINTED OUT, THESE TIRES WERE RETRIEVED, PUT



1 INTO THIS AREA AS A STAGING AREA, AND BASICALLY BURNED
2 ON ALMOST A CONTINUOUS BASIS. SO AT LEAST TO AN
3 EXTENT, I KNOW ONE OF MY VERY HIGH COST AREAS HAS BEEN
4 TAKEN CARE OF.
5 ON THE FLIP SIDE, AN AREA THAT WE FELT
6 ALREADY WE WOULD'VE ALREADY GOTTEN INTO HAS NOT EVEN
7 BEEN TOUCHED, WHICH IS THE PORTION -- WELL, BOB, I'M
8 SURE YOU WILL KNOW WHERE I'M TALKING ABOUT -- WAS THE
9 DEEPEST VALLEY, WHICH IS RIGHT ACROSS FROM THE HOPPERS
10 THE TIRES IN THAT AREA ARE ALMOST A HUNDRED FEET OFF OF
11 GRADE BECAUSE OF -- PARTLY DUE TO CONTOUR, BUT TIRES
12 ARE LITERALLY THAT HIGH ABOVE YOUR HEAD IF YOU'RE
13 STANDING IN THE LITTLE VALLEY. THOSE WON'T REQUIRE AS
14 MUCH TRANSPORTATION TO MOVE BECAUSE WE ARE TALKING
15 ABOUT DISTANCES THAT ARE MEASURABLE THERE ON THAT
16 PROPERTY. SO I THINK THAT THEY REPRESENT PROBABLY MORE
17 COSTLY REMEDIATION THAN OUR AVERAGE, YOU KNOW, THE 46
18 CENTS, BUT PERHAPS NOT AS HIGH AS THE 70-CENT
19 INCREMENT.
20 AND BASICALLY WHAT I WILL BE DOING IS
21 HAVING OUR ORGANIZATION TAKING A CLOSE LOOK AT OUR
22 HISTORY OF EXPENSE IN THIS PROCESS AND COME UP WITH AN
23 IDEA HOW MUCH WE ANTICIPATE COST FOR REMEDIATION. AND
24 I WOULD LIKE VERY MUCH TO HAVE THE OPPORTUNITY TO TALK
26 WITH THE BOARD ABOUT CONTINUING A PROCESS UNDER A NEW



1 CONTRACT

2 I THINK ONE OF THE IMPORTANT MATTERS I

3 WOULD LIKE TO EXPRESS TODAY IS A MATTER OF TIMING. BOB

4 CORRECTLY POINTED OUT THAT WE REMOVED 760,000 OR

5 780,000 TIRES FROM THE PILE BASICALLY AS A FREEBIE,

6 WAITING TO GET UNDER CONTRACT WITH THE BOARD. AND

7 THOSE WERE TIRES THAT OTHERWISE WOULD HAVE BEEN TAKEN

8 FROM THE ROAD AS NORMAL TRANSIENT TRAFFIC FLOW, AND WE

9 WOULD HAVE RECEIVED TIP FEES FOR THOSE TIRES, BUT WE

10 KNEW THAT WE WANTED TO PROVIDE THE SERVICE FOR THE

11 BOARD AND FOR THE STATE.

12 CHAIRMAN PENNINGTON: THEORETICALLY YOU WERE

13 SUPPOSED TO BE BEING PAID BY OXFORD, CORRECT?

14 MR. TOMEIO; AT THAT POINT, NO THERE'S

15 ANOTHER SIX MILLION TIRES THAT I WAS THEORETICALLY

16 SUPPOSED TO HAVE BEEN PAID FOR BY OXFORD THAT WE STILL

17 HAVE A DISCUSSION ABOUT THAT. AS A RESULT, TIME IS

18 VERY IMPORTANT TO US NOW AS WE'RE COMING TOWARDS THE

19 END OF THE REMEDIATION CONTRACT. MELP WILL NEED TO

20 BRING IN A SOURCE OF TIRES, AND WE DO HAVE MANY TIRE

21 COLLECTION COMPANIES EXPRESSING INTEREST IN BRINGING

22 TIRES TO US FOR TIP FEE, WHICH WE'RE VERY NTERESTED IN

23 ACCEPTING IF WE'RE NOT GOING TO OO FURTHER REMEDIATION

24 HERE AT THE SITE

25 ALSO, THE PROJECTION OF TIME THAT I THINK



1 IS VERY IMPORTANT TO THE BOARD, IF WE WERE TO CONTINUE
2 OUR REMEDIATION PROCESS AT BASICALLY SO PERCENT OF OUR
3 NEEDS COMING FROM THE PILE AND 50 PERCENT OF OUR NEEDS
4 COMING FROM THE ROAD, IT WOULD BE AN ADDITIONAL
5 APPROXIMATELY TWO YEARS FROM THE END OF THIS CURRENT
6 CONTRACTUAL RELATIONSHIP, WHICH IS ABOUT MAY OF 1998,
7 MAY OF THIS YEAR. THAT WOULD BE WHAT WE WOULD DESIRE
8 TO DO ABOUT THAT KIND OF A RATE, THREE MILLION TIRES
9 PER YEAR COMING FROM THE PILE, THREE MILLION TIRES FROM
10 THE ROAD.
11 THE REASON BEING IS IT ALLOWS ME TO
12 DEVELOP RELATIONSHIPS WITH OTHER TIRE COLLECTION
13 COMPANIES WHICH IS VERY IMPORTANT FOR OUR FUTURE
14 OPERATION. IT ALSO GIVES US THE OPPORTUNITY TO
15 CONTINUE THE PROCESS THAT WE'RE EMBARKING ON OF
16 UTILIZING TIRES FOR ADDITIONAL END USE IN ADDITION TO
17 MELP'S CONSUMPTION. AND THESE ARE MATTERS THAT I WOULD
18 CERTAINLY LIKE TO ADDRESS WITH MR. REMY OR WHOMEVER THE
19 BOARD SHOULD APPOINT TO TALK ABOUT A CONTRACT, BUT MY
20 DILEMMA IS THAT IF WE GET TO MAY AND WE DON'T HAVE A
21 CONTRACT WITH THE BOARD, I WILL HAVE A CONTRACT WITH
22 OTHER TIRE SUPPLIERS. AND MOST OF THE MARKETPLACE IS
23 DEMANDING THAT I HAVE AT LEAST SOME PERIOD OF TIME
24 COMMITTED TO THOSE SUPPLIERS, AND I WOULD ANTICIPATE
25 ABOUT PROBABLY THE SHORTEST I WOULD GET WOULD BE A



1 ONE-YEAR CONTRACT WITH ALTERNATIVE SUPPLIERS. AND THAT
2 WOULD BASICALLY LEAD TO A DISPLACEMENT OF REMEDIATION
3 TIRES FOR THE BOARD FOR THE PERIOD OF TIME THAT I
4 CONTRACT WITH OTHER PARTIES. AND SO IF WE WANT TO
5 CLEAN THIS PILE UP OR CONTINUE THE PROCESS OF CLEANING
6 THE PILE UP, I WOULD LIKE TO ALSO BE EXPEDITIOUS ABOUT
7 OUR CONTRACT DISCUSSIONS.

8 BOARD MEMBER FRAZEE: SO, IN EFFECT, YOU ARE
9 SAYING THAT WHEN THIS CONTRACT ENDS, YOU ARE NOT GOING
10 TO BE GOOD GUYS AND CONTINUE TO TAKE TIRES OFF OF THE
11 PILE AND CHARGE THEM TO OXFORD'S ACCOUNT AS YOU HAVE IN
12 THE PAST?

13 MR. TOMEIO: WELL, FOR THE RECORD WE WILL STILL
14 BE GOOD GUYS AFTER THE END OF THE CONTRACT; HOWEVER, I
15 THINK IT WOULD BE ECONOMICALLY IMPRACTICAL FOR US TO
16 TAKE TIRES FOR FREE.

17 BOARD MEMBER JONES: ALONG MR. FRAZEE'S LINE,
18 YOU KNOW, WE'RE TALKING ABOUT THIS. OTR HAS A
19 REMEDIATION ISSUE WITH THIS BOARD AS FAR AS CLEANING UP
20 THAT TIRE PILE. WE HAVE ISSUES THAT THE PILE ESTIMATE
21 IS DIFFERENT THAN WHAT IT WAS ORIGINALLY THERE. I MEAN
22 I DON'T WANT TO SEE KIRTLAND PUT A GUN TO HIS HEAD, I
23 HONESTLY DON'T, BUT WE NEED TO TALK ABOUT WHEN DOES
24 REMEDIATION START BECAUSE CLEARLY THE CONTRACT IS THAT
25 WE WILL TAKE CARE OF A LIABILITY OF 40,000 TONS. WE'VE



1 DONE THAT. THE NEXT PART OF THAT CONTRACT WAS THAT THE
2 CLOSURE START BY OTR. SO, IN FACT, WE NEED TO GET THAT
3 WORKED OUT AS TO WHEN THAT CLOSURE IS GOING TO START.
4 I MEAN IF IT STARTS IN THREE WEEKS OR A
5 MONTH, THEN THE STREAM OF TIRES TO MELP HASN'T BEEN,
6 YOU KNOW, I DON'T KNOW WHAT RATIO YOU WORK OUT. I
7 DON'T KNOW WHAT THE FLOW ISSUES ARE. BUT I MEAN THIS
8 JUST BEGS, YOU KNOW, HOW ARE THE MECHANICS OF ALL THIS
9 STUFF GOING TO WORK OUT? I MEAN WE'VE GOT TO FIGURE
10 THAT OUT BECAUSE IN MY MIND WE ARE -- WE ARE FULFILLING
11 OUR OBLIGATION ON THE FOUR MILLION, AND THEN THE NEXT
12 PIECE WAS THE OTR REMEDIATION. OKAY. ALBEIT. I DON'T
13 KNOW WHAT IT WAS, A MILLION WHATEVER, IF THAT PART
14 KICKS IN, THEN I KNOW I MEAN THAT'S PART OF THE
15 REMEDIATION WE NEED TO SET SOMETHING UP, MR.
16 CHAIRMAN.
17 CHAIRMAN PENNINGTON: WE'RE MOVING IN THAT
18 DIRECTION. ANY OTHER QUESTIONS FOR MR.TOMEIO?
19 BOARD MEMBER EATON: I HAVE ONE, MR. CHAIRMAN.
20 MR. TOMEIO, YOUR CONTRACT WITH PG&E HAS CEASED; IS THAT
21 CORRECT, OR IS IT STILL ONGOING?
22 TOMEIO: NO, NOT ACTUALLY. OUR CONTRACT
23 WITH PG&E HAS ANOTHER TEN YEARS. HAPPENED IS THE
24 PAYMENT SCHEDULE UNDER THE CONTRACT CHANGED AT A
25 PERIOD - - AT A POINT IN TIME CALLED THE END OF THE



1 FIXED PRICE PERIOD. WE ARE CURRENTLY IN A DISPUTE WITH
2 PG&E OVER THAT DATE. THEY SAID IT WAS IN NOVEMBER OF
3 1997 AND STOPPED SENDING US REVENUE CHECKS SHOWING THE
4 HIGHER AMOUNT OF MONEY. WE ARE CURRENTLY IN DISPUTE
5 WITH THEM, THAT WE BELIEVE THAT DATE WAS APRIL OF
6 1998

7 BOARD MEMBER EATON: CAN ANYONE ELSE PURCHASE
8 POWER FROM THAT GRID OTHER THAN PG&E?

9 MR. TOMEIO: NO, WE STILL ARE UNDER CONTRACT TO
10 PROVIDE OUR POWER TO PG&E. IT'S JUST THAT A -

11 BOARD MEMBER EATON: IT'S AN EXCLUSIVE.

12 MR. TOMEIO: IT'S AT A MARKET RATE. I SUPPOSE
13 THERE'S ALWAYS AN OPPORTUNITY TO NEGOTIATE WITH PG&E TO
14 EXIT THE CONTRACT, BUT AT THIS POINT WE DO NOT HAVE A
15 DESIRABLE MARKET ALTERNATIVE TO SELL THE POWER TO OTHER
16 PARTIES.

17 BOARD MEMBER EATON: BUT YOU'RE PERMITTED TO
18 SELL TO OTHER PARTIES, OR IS IT AN EXCLUSIVE CONTRACT
19 JUST WITH PG&E?

20 MR. TOMEIO: THE CURRENT CONTRACT IS AN
21 EXCLUSIVE CONTRACT WITH PG&E.

22 CHAIRMAN PENNINGTON: OKAY THANK YOU, MR.
23 TOMEIO. NOW WE'LL HEAR FROM MICHAEL BRYNE.

24 MR. BYRNE: THANK YOU, MR. CHAIRMAN. I'M
25 MICHAEL BRYNE, REPRESENTING OXFORD TIRE RECYCLING.



1 BEFORE I START, I'D LIKE TO WELCOME MR. DAN EATON TO
2 THE BOARD, BOARD THAT USUALLY DOES SOME VERY, VERY GOOD
3 WORK.
4 LET ME START WITH A SHORT LITTLE STORY.
5 WHEN MY KIDS WERE LITTLE, I MANAGED A LITTLE LEAGUE
6 TEAM, AND IT WAS -- THESE WERE LITTLE KIDS WHO WERE
7 JUST LEARNING THE GAME OF BASEBALL. AND I WALKED OUT
8 ONTO THE FIELD WHILE THE KIDS WERE WARMING UP AND
9 EVERYTHING ELSE, AND I HAD A CLIPBOARD IN MY HAND AND
10 I'M WRITING DOWN, YOU NOW, JOHNNY IN CENTER FIELD,
11 BOBBY IN SECOND BASE AND EVERYTHING. ALL OF A SUDDEN A
12 BALL COMES OUT OF NOWHERE AND HITS ME ON THE SIDE OF
13 THE HEAD. I TURNED AROUND AND I KIND OF LOST IT FOR A
14 FEW SECONDS. I SAID, "dOME ON, GUYS." I SAID,
15 "EVERYBODY COME IN HERE, EVERYBODY GET IN HERE." AND I
16 SAID, "WHEN YOU THROW A BALL AND IT'S GOING TO HIT
17 SOMEBODY, I SAY YELL. LET THEM KNOW IT'S COMING." I
18 SAID, "WE'RE ALL IN THIS TOGETHER. YOU KNOW, WE'RE ALL
19 A TEAM HERE. I'M THE MANAGER. YOU ARE THE PLAYERS.
20 IF SOMEBODY IS GOING TO GET INJURED, TRY TO STOP IT."
21 AND THEN TWO KIDS STARTED CRYING, YOU KNOW. ONE KID
22 STARTED PLAYING WITH HIS FOOT AND A COUPLE OTHERS
23 NODDED, YOU KNOW, AND THEY ALL WENT BACK TO PLAYING.
24 AND I SWEAR TO GOD, ON MY WAY BACK TO THE DUGOUT, I GOT
25 HIT ON THE OTHER SIDE OF THE HEAD WITH THE BALL, YOU



1 KNOW. SO THE WHOLE GAME I GOT THESE TWO BIG LUMPS ON
2 THE SIDE OF MY HEAD. IN FACT, I HAD TO TAKE THE HAT
3 OFF MY HEAD BECAUSE IT SWELLED UP SO MUCH I COULDN'T
4 WEAR IT ANYMORE.
5 CHAIRMAN PENNINGTON: I GUESS YOU SHOULD WEAR
6 A HELMET.
7 MR. BYRNE: I GUESS IN A LOT OF PLACES, LOT OF
8 PLACES.
9 NOW, PUT THE WAY-BACK MACHINE FORWARD,
10 YOU KNOW, AND WE COME BACK TO 1997. AND I GET TERRY
11 LEVEILLE'S NEWSLETTER SOMETIME IN THE FALL TALKING
12 ABOUT HOW GOOD THE TIRE MEETING WAS THAT THEY HAD, THAT
13 THE P&E PEOPLE HAD WITH THE TIRE INDUSTRY. I FLIPPED
14 OUT. I SAID, "WHAT THE HELL IS THIS MEETING? WHERE
15 DID THIS COME FROM? WHO SCHEDULED THIS THING? WHY
16 WASN'T I INFORMED?"
17 SO I CALLED DAN. IN FACT, I EVEN FIRED
18 OFF A LETTER TO THE CHAIRMAN STATING, YOU KNOW, IF I'M
19 A GOVERNMENTAL RELATIONS CONSULTANT AND I REPRESENT A
20 COMPANY, WOULDN'T IT BE PRUDENT IF I KNEW WHAT
21 GOVERNMENT WAS DOING, ESPECIALLY IN THE AREA OF MY
22 EXPERTISE, MY RESPONSIBILITIES? SO DAN CALLED ME BACK,
23 LEW CALLED ME AND SAID, "THIS WAS AN OVERSIGHT. THIS
24 WAS NOT INTENDED. JUST SOMETHING SLIPPED THROUGH THE
25 CRACKS OR WHATEVER."



1 I IMMEDIATELY GOT NOTIFIED THAT THERE
2 WILL BE A RESCHEDULING OF THE MEETING, AND WE
3 APPRECIATE THAT. OUR STAFF WAS THERE. WE ATTENDED THE
4 MEETING, AND I THOUGHT EVERYTHING IS FINE.
5 NOW, WE HAD AN AGREEMENT HERE TO CLEAN UP
6 FOUR MILLION TIRES; AND THEN AT THE END OF THE FOUR
7 MILLION TIRES, OXFORD WAS GOING TO DO THE REMAINDER IN
8 14 MONTHS. NOW I HEAR THAT IN AUGUST OF 1997, STAFF --
9 AND THIS IS A QUOTE FROM AN EARLIER SLIDE -- SAID IT
10 APPEARED THAT THERE WERE MORE TIRES IN THE TIRE PILE
11 THAN WAS INCLUDED IN THAT AGREEMENT. DID SOMEBODY LOSE
12 MY PHONE NUMBER? DID SOMEBODY LOSE OXFORD'S PHONE
13 NUMBER?
14 HERE I STAND BEFORE YOU FEBRUARY 25,
15 1998, APPARENTLY STAFF HAS BEEN WORKING ON THIS
16 SINCE AUGUST OF 1997, AND THE FIRST TIME I HEAR ABOUT
17 THERE WAS ANY CONCERN WITH THE AMOUNT OF TIRES IN THE
18 TIRE PILE WAS LAST NIGHT. HOW CAN YOU GUYS TREAT
19 PEOPLE THIS WAY? YOU KNOW, HOW CAN YOU TREAT PEOPLE
20 THIS WAY?
21 YOU KNOW, I'VE BEEN TO THAT TIRE PILE
22 EEK FOR THE PAST SIX MONTHS WATCHING THE PILE
23 COME DOWN. AND I'M SAYING, "HEY, WE'RE GETTING
24 SOMEWHERE. I CAN SEE THE HILL. WE'RE DOING GOOD." I
25 FELT WE WERE FRIENDS AGAIN. I THOUGHT WE WERE DOING



1 GOOD. I THOUGHT WE ENTERED INTO AN AGREEMENT. WE
2 DEPOSITED THE MONEY IN THE ACCOUNT. WE DIVERTED ALL
3 OUR TIRES ELSEWHERE. I FELT WE WERE PART OF THE TEAM.
4 WHEN DID WE GET CUT?
5 MR. CHANDLER: MR. BYRNE, I THINK YOU ARE OUT
6 OF ORDER. AND I'LL JUST SIMPLY TELL YOU WE DID NOT
7 HAVE AN AGREEMENT WITH YOU BACK IN AUGUST. WE HAD AN
8 AGREEMENT WITH MODESTO ENERGY LIMITED PARTNERSHIP TO
9 REMEDIATE FOUR MILLION TIRES. WE ALSO HAVE AN
10 AGREEMENT THAT MAY COMMENCE SHORTLY AFTER THAT WITH
11 OTR, BUT --
12 MR. BRYNE: RALPH, I'M NOT TALKING ABOUT A
13 WRITTEN AGREEMENT. I'M TALKING ABOUT AN AGREEMENT
14 BETWEEN ONE PERSON AND ANOTHER PERSON.
15 MR. CHANDLER: I THOUGHT YOU WERE REFERRING TO
16 THE AGREEMENT THAT'S THE SUBJECT OF THE ITEM TODAY.
17 MR. BRYNE: IF YOU WENT OUT AND DID A STUDY
18 THAT THERE'S MORE TIRES IN THE TIRE PILE, FINE. THAT'S
19 FINE. THAT'S FINE. I HAVE NO PROBLEM. YOU HAVE
20 RESPONSIBILITIES IN THAT AREA. IF WE DON'T DO THE
21 CLEANUP AND WE GO BELLY UP, YOU'RE CAUGHT HOLDING THE
22 BAG. I HAVE NO PROBLEM WITH THAT. I'M NOT A STATE
23 ADMINISTRATOR. I KNOW THOSE RESPONSIBILITIES.
24 MY PROBLEM WAS IF THE NUMBERS HAVE
25 CHANGED, LET US BE PARTY TO THAT INFORMATION SO WE



1 COULD DO THINGS, SO WE CAN MAKE ADMINISTRATIVE
2 DECISIONS IN THE OPERATION OF OUR OPERATIONS TO KIND
3 OF, YOU KNOW, PLAN FOR THIS.
4 CHAIRMAN PENNINGTON: IS IT YOUR PILE?
5 MR. BYRNE: THAT'S WHAT YOU'VE ALWAYS TOLD ME.
6 CHAIRMAN PENNINGTON: DON'T YOU THINK THAT WE
7 WOULD EXPECT THAT YOU WOULD KNOW HOW MANY TIRES ARE
B THERE?
9 MR. BYRNE: 7.2 MILLION. I THOUGHT THAT'S THE
10 NUMBER EVERYBODY AGREED TO. WE HAD TWO STUDIES THAT
11 SUPPORTED THAT NUMBER.
12 CHAIRMAN PENNINGTON: OBVIOUSLY WE DIDN'T.
13 MR. BYRNE: LET ME SAY SOMETHING ELSE ABOUT
14 THAT. HERE'S WHY I'M MOST UPSET, I THINK. WHEN I WAS
15 THE DIRECTOR OF THE DEPARTMENT OF CONSERVATION, I WAS
16 RESPONSIBLE FOR IMPLEMENTING THE SEISMIC HAZARD MAPPING
17 SYSTEM, WHICH IS BASICALLY A TOPOGRAPHICAL MAPPING
18 SYSTEM, AND WE STARTED OUT USING PHOTOGRAPHS. AND THEN
19 AS THE PROJECT EVOLVED, WE WERE CONTACTED BY DARPA, THE
20 ADVANCED RESEARCH PROJECTS AGENCY IN WASHINGTON, D.C.,
21 NAVAL INTELLIGENCE, A LOT OF OTHER GROUPS, THAT WERE
22 VERY INTERESTED IN OUR PROJECT. AND THEY WERE
23 INTERESTED IN OUR PROJECT BECAUSE THEY SAID PHOTOGRAPHS
24 PROVIDE AN UNRELIABLE ELEVATION IN THE MODELS. IN
25 FACT, THEY SAID THE ERROR IS ANYWHERE BETWEEN 3 METERS



1 TO 9 METERS FOR A Z VALUE, THE HEIGHT VALUE, PER PIXEL.
2 AND THEY SAID FOR THAT INSTANCE, FOR THAT
3 REASON WE'RE VERY INTERESTED IN GETTING INTO RADAR
4 MAPPING BECAUSE RADAR MAPPING IS A VERY EXACTING
5 MEASUREMENT. I THINK THE RADAR MAPS WERE THE AREA OF
6 RATIO WAS 1 TO 3 METERS. SO I WAS -- YOU KNOW, I SPENT
7 QUITE A FEW YEARS ALL INVOLVED IN THIS PROJECT.
8 WELL, THE NEW NUMBERS ON THE AMOUNT OF
9 TIRES IN THE TIRE PILE ARE BASED ON A SCIENCE THAT I
10 KNOW IS FLAWED. AND IF I HAD AN OPPORTUNITY, IF YOU
11 GUYS HAD TOLD ME YOU WERE DOING THIS, I COULD HAVE SAT
12 THERE AND SAID, "WHY DON'T WE GIVE JIM DAVIS, A STATE
13 GEOLOGIST, A CALL. HAVE HIM SEND OVER SOME OF THEIR
14 PEOPLE AND LET THEM TELL US IS THIS SCIENCE ACCURATE.
15 IS THIS AN ACCURATE WAY TO GO? IS THIS A REASONABLE
16 WAY TO MEASURE THE AMOUNT OF TIRES THAT ARE ON THE
17 GROUND?" YOU KNOW, JUST I'M NOT SAYING GIVE ME THE
18 ANSWER I WANT TO HEAR. JUST TELL ME IS IT REASONABLE.
19 IS IT A REASONABLE WAY TO GO? I DIDN'T GET THAT
20 CHANCE
21 CHAIRMAN PENNINGTON: MR. FRAZEE, DO YOU HAVE
22 A QUESTION?
23 BOARD MEMBER FRAZEE: I'M FLABBERGASTED BY
24 THIS. IT'S MY OBSERVATION THAT YOU ARE TRYING TO COVER
25 UP YOUR OWN SHORTCOMINGS AS A CONSULTANT BY PUSHING IT



1 OFF ON OUR STAFF. IT WAS OUR UNDERSTANDING THAT OXFORD
2 ESSENTIALLY HAD ABANDONED THIS THING. AND I DON'T SEE
3 ANY RESPONSIBILITY ON THE PART OF OUR STAFF TO SEARCH
4 YOU OUT. I DON'T -- YOU KNOW I, FOR ONE, DIDN'T KNOW
5 YOU WERE STILL EMPLOYED BY OXFORD. BUT AS A
6 CONSULTANT, IT'S YOUR RESPONSIBILITY TO TRACK THIS
7 STUFF.

8 MR. BYRNE: MR. FRAZEE, I'M NOT JUST TALKING
9 ABOUT MYSELF. I'M TALKING ABOUT ANYBODY AT OXFORD.
10 AND I DON'T UNDERSTAND THE STATEMENT OXFORD ABANDONED
11 THE PILE.

12 BOARD MEMBER FRAZEE: IT'S PRETTY OBVIOUS THEY
13 CEASED PAYING MELP FOR TAKING TIRES. THEY DEFAULTED ON
14 THEIR CLEANUP, AND IT JUST HAD EVERY APPEARANCE THAT
15 THAT'S WHAT WAS HAPPENING WAS A TOTAL DEFAULT ON THE
16 PART OF OXFORD. THAT'S WHY WE STEPPED IN.

17 MR. BYRNE: LAST YEAR --

18 CHAIRMAN PENNINGTON: I THINK WE'VE HAD ENOUGH
19 PUBLIC DISCUSSION OF THIS. I THINK WE'RE GOING NOWHERE
20 WITH THIS DISCUSSION. SO IF YOU HAVE SOMETHING TO
21 CONTRIBUTE TO THIS REPORT, FINE. IF NOT, I THINK WE'VE
22 HEARD ENOUGH.

23 MR. BYRNE: CAN I PUBLICLY REQUEST ACCESS TO
24 THE INFORMATION THAT IS THE BASIS OF THE NUMBERS?

25 CHAIRMAN PENNINGTON: IT'S A PUBLIC DOCUMENT.



1 OF COURSE, YOU CAN HAVE IT.

2 MR. CHANDLER: FOR THE RECORD, MR. CHAIRMAN, I
3 DID CONTACT MR. KIRKLAND'S OFFICE. LET HIM KNOW THAT
4 THIS WAS BEING HELD. I DID THAT MONDAY. I DON'T KNOW
5 WHY MR. BYRNE HEARD ABOUT IT LAST NIGHT. PERHAPS
6 THAT'S BETWEEN MR. BYRNE AND MR. KIRKLAND, BUT I DID
7 NOTIFY HIM ONCE I RECEIVED THE FINAL AGENDA ITEM
8 INASMUCH AS I DID THINK IT WOULD BE APPROPRIATE FOR HIM
9 TO AT LEAST BE AVAILABLE FOR REVIEW OF THE INFORMATION
10 AS WELL.

11 MR. BYRNE: SO...

12 CHAIRMAN PENNINGTON: OKAY. ANY FURTHER
13 DISCUSSION AMONG THE BOARD MEMBERS HERE?

14 BOARD MEMBER JONES: MR. CHAIRMAN, JUST IN
15 RESPONSE A LITTLE BIT TO THAT ISSUE. I THINK THAT
16 WHATEVER THE TIRES WERE COMPACTED TO, WHATEVER THE
17 NUMBER OF TIRES WERE, I THINK IT'S IMMATERIAL. THE WAY
18 I'M LOOKING AT THIS ISSUE IS THAT WE ENTERED INTO A
19 CONTRACTUAL AGREEMENT TO REMOVE LIABILITY OF FOUR
20 MILLION TIRES AND START THE BURN, TO FACILITATE THE USE
21 OF MELP, AND TAKE CARE OF THIS PROBLEM.
22 NOW, WE WERE OF THE ASSUMPTION THAT THE
23 REMAINING 1.3 MILLION TIRES OR WHATEVER IT WAS WAS
24 GOING TO BE REMEDIATED BY OXFORD. THERE ARE MORE TIRES
25 THAN THAT.



1 HOW WE GET THE OXFORD ISSUE DEALT WITH, I
2 THINK, IS THE CORE OF -- CORE OF THE ITEM WAS THE MELP,
3 HOW ARE THEY DOING ON THEIR CONTRACT WITH US. THE
4 RESULT OF THAT IS THERE ARE NUMBERS THAT WE NEED TO
5 DETERMINE WHEN THAT CLOSURE PROCESS STARTS. WE ALSO,
6 YOU KNOW, NEED TO WORK OUT THE ISSUES OF, YOU KNOW,
7 WHERE WE ARE FINANCIALLY AS FAR AS WHAT WE'RE GOING TO
8 DO. I DON'T WANT TO -- YOU KNOW, I DON'T WANT TO
9 REMEDIATE THROUGH A BOARD ACTION THAT TAKES DATES OUT
10 FURTHER, PERSONALLY. I MEAN WE DID OUR FOUR MILLION.
11 LET'S SEE WHERE WE'RE AT, YOU KNOW.
12 BOARD MEMBER CHESBRO: MR. CHAIRMAN
13 CHAIRMAN PENNINGTON: YES, MR. CHESBRO.
14 BOARD MEMBER CHESBRO: I GUESS MY ONE COMMENT
15 IN RESPONSE TO MR. BYRNE'S CONCERNS IS THAT WHILE THIS
16 IS RATHER DRAMATIC INFORMATION WE HAVE BEFORE US,
17 THERE'S NOT AN ACTION THAT'S BEFORE US. THIS IS A
18 REPORT. AND SO I THINK THERE IS GOING TO BE A PROCESS
19 THAT'S GOING TO DEVELOP HOW THE BOARD IS GOING TO
20 RESPOND TO THIS, AND THERE'S CERTAINLY AN OPPORTUNITY
21 FOR OXFORD AND MR. BYRNE TO RESPOND. SO IT'S NOT LIKE
22 WE'RE ON A -- YOU KNOW, YOU SUDDENLY COME FORWARD WITH
23 A DECISION WITHOUT ANY PUBLIC PARTICIPATION PROCESS. I
24 THINK THERE WILL BE THAT OPPORTUNITY.
25 CHAIRMAN PENNINGTON: MR. FRAZEE.



1 BOARD MEMBER FRAZEE: IT'S DIFFICULT TO
2 DISCUSS IN DEPTH THIS ITEM BECAUSE IT'S OBVIOUSLY GOING
3 TO BE THE SUBJECT OF SOME NEGOTIATIONS, THIRD-PARTY
4 WORK. AND -- BUT I THINK TIME IS OF THE ESSENCE ON IT,
5 AND WE NEED TO BE PURSUING OXFORD TO MEET THEIR
6 OBLIGATIONS UNDER THE REMEDIATION AND BE SURE IF THEY
7 FAIL TO DO THAT, AS THEY HAVE PROVEN THEMSELVES TO BE
8 FAILURES IN THE PAST, THAT WE ACCESS THE MILLION DOLLAR
9 INSURANCE POLICY. AND THEN WE NEED TO BE CONSIDERING
10 WHETHER THE BOARD IS GOING TO PARTICIPATE ANY FURTHER
11 IN THE CLEANUP OF THIS.
12 I THINK ALL OF THAT -- AS I SAY, TIME IS
13 OF THE ESSENCE IN THAT DISCUSSION BECAUSE WE'RE RAPIDLY
14 RUNNING OUT OF THIS OTHER CONTRACT. AND I DON'T THINK
15 WE CAN ASK MELP TO DO A DOWN AND THEN A BACK UP AGAIN.
16 THERE'S SOME NEED TO CONTINUE THIS FLOW OFF THE PILE IF
17 IT'S GOING TO HAPPEN. AND SO JUNE IS NOT TOO FAR AWAY
18 OR, IN FACT, MAY HAS BEEN SUGGESTED AS THE DATE WHEN
19 THEY'RE GOING TO BE COMPLETED AND THAT THERE'S REALLY
20 NEED FOR CONTINUITY. SO I HOPE THAT WE MOVE QUICKLY ON
21 THIS AND LOOK AT THE POSSIBILITY OF ADDITIONAL BOARD
22 FUNDING. AND I'M NOT -- I THINK, LIKE MR. JONES, I'M
23 NOT LOCKED INTO THAT. BUT IT'S ONE OF THE THINGS THAT
24 WE MUST CONSIDER, BUT PRIME TARGET HAS GOT TO BE
25 PURSUING OXFORD ON MEETING THEIR OBLIGATIONS UNDER



1 THEIR TIRE PERMIT.

2 CHAIRMAN PENNINGTON: ALL RIGHT. NOW, WE'VE

3 HAD SOME DISCUSSIONS WITH MELP, AND WE'VE HAD A

4 DISCUSSION WITH MR. REMY. I THINK WE'RE MOVING IN THAT

5 DIRECTION AND OBVIOUSLY GOT TO GET AGENDIZED AND BEFORE

6 THE BOARD, AND THERE ALSO MAY BE SOME LEGAL QUESTIONS

7 THAT WE NEED TO PURSUE. MR. JONES.

8 BOARD MEMBER JONES: MR. CHAIRMAN, I'M

9 WONDERING, THE MELP ITEM IS AN INFORMATION ITEM,

10 RIGHT? IT'S DONE. IS IT OVER?

11 CHAIRMAN PENNINGTON: IT'S OVER.

12 BOARD MEMBER JONES: IT WAS A GOOD

13 PRESENTATION.

14 ALONG THE LINES MR. FRAZEE WAS JUST

15 TALKING ABOUT, AND AS WE'RE ALL AWARE AND AS MICHAEL

16 IS, THE INSURANCE POLICY THAT'S DEALING WITH THE

17 CLOSURE THAT WE ACCEPTED AS A REMEDY, THERE -- I THINK

18 WE NEED TO -- AND I DON'T WANT TO KEEP PUSHING THIS.

19 YOU KNOW, I MEAN AS QUICKLY AS WE CAN HAVE WHATEVER

20 KIND OF MEETING WE HAVE TO HAVE, I DON'T CARE IF IT'S

21 AN AGENDIZED MEETING IN TWO WEEKS OR WHAT IT IS, TO

22 FIGURE OUT HOW WE'RE GOING TO DEAL WITH THIS. AND I'M

23 PUSHING THIS, MICHAEL, FOR ONE REASON.

24 WE WERE NOTIFIED BY THE INSURANCE COMPANY

25 THAT THEY DID NOT INTEND TO -- THERE WAS SOME QUESTION



1 ABOUT WHETHER OR NOT THEY WOULD CONTINUE THAT POLICY.
2 THAT COUPLED WITH THE FACT THAT THERE ARE MORE TIRES ON
3 SITE IS OBVIOUSLY GOING TO DRIVE THAT. I'M NOT SAYING
4 THAT THEY'RE GOING TO PULL THE INSURANCE. I DON'T
5 KNOW. THAT'S WHY I THINK WE NEED TO DO THE PUBLIC'S
6 BUSINESS IN PUBLIC AND HAVE THE MEETING AND FIND OUT
7 BECAUSE CLEARLY UNDER THE REGULATIONS THEY ENTERED A
8 CONTRACT TO PROVIDE INSURANCE THAT COULD ONLY BE
9 DENIED -- NOT DENIED -- THAT THEY WOULDN'T PROVIDE FOR
10 NONPAYMENT. THIS WAS THE ONLY CONDITION THAT EXISTED,
11 AND THEN WE HAD 120 DAYS OR WHATEVER TO ACT ON IT.
12 THIS JUNE DATE IS BOTHERSOME. THE TIRES
13 ARE AT -- DIFFERENT FOR YOU AND DIFFERENT FOR US,
14 DIFFERENT FOR OTR, BUT THAT COUPLED WITH THE
15 NOTIFICATION -- YOU KNOW, WITH THIS NOTICE, WHICH WE
16 RESPONDED TO AND HAVEN'T GOTTEN A RESPONSE BACK FROM,
17 AS I UNDERSTAND IT, BECAUSE THEY TOOK A PRETTY LIBERAL
18 INTERPRETATION OF WHEN THEY HAD TO NOTIFY US AND IT
19 WASN'T BY STATUTE OR CONTRACT. BUT I THINK WE NEED TO
20 GET THIS OUT AND TALK ABOUT IT, DO WHATEVER WE HAVE TO
21 DO TO SAY, OKAY, CLOSURE STARTS.
22 IN MY MIND CLOSURE STARTED MAY 1ST OR
23 WHATEVER DATE WE STARTED THE BURN BECAUSE THEY WERE
24 COMMINGLED FUNDS BETWEEN US AND OTR'S TRUST FUND. SO I
25 AM CONVINCED THAT WE'VE STARTED THE CLOSURE PROCESS.



1 NOW HERE COMES ANOTHER PIECE, YOU KNOW. SO I THINK
2 THAT WE -- I MEAN AS QUICKLY AS IS HUMANLY POSSIBLE OR
3 LEGALLY POSSIBLE.
4 CHAIRMAN PENNINGTON: LEGALLY POSSIBLE.
5 MR. CHANDLER: MR. CHAIRMAN, LET ME TAKE A
6 SHOT AT THIS. I THINK WE NEED TO COME BACK CERTAINLY
7 NO LATER THAN THE MARCH BOARD MEETING. I DON'T KNOW
8 THE DATE, BUT I DO KNOW THAT THE INSURANCE POLICY IS
9 SCHEDULED TO CLOSE ON MARCH 27TH.
10 CHAIRMAN PENNINGTON: THAT'S PROBABLY THE DAY
11 OF THE BOARD MEETING.
12 MR. CHANDLER: YOU ARE CORRECT. I BELIEVE THE
13 REGULATIONS REQUIRE THAT WE HAVE 120 DAYS BEYOND THAT
14 IN WHICH IT'S STILL IN EFFECT. AND THE BOARD MEETING
15 IS ON MARCH 23D -- EXCUSE ME -- MARCH 25TH. BUT I
16 WOULD LIKE TO SEE STAFF COME BACK WITH KIND OF A
17 COMPREHENSIVE AGENDA ITEM WHERE WE BEGIN TO GET
18 DIRECTION FROM THE BOARD ON EVERYTHING FROM A BUDGET
19 PRESENTATION ON WHAT IS THE AVAILABLE TIRE DOLLARS IN
20 THIS YEAR'S TIRE FUND. I'M NOT TALKING ABOUT THE APRIL
21 ITEM WHERE WE'RE GOING TO ALLOCATE NEXT YEAR'S TIRE
22 FUND IN VARIOUS CATEGORIES, BUT WHAT DO WE HAVE
23 AVAILABLE NOW SHOULD WE WANT TO CONTINUE TO EXTEND THE
24 MID-MAY PERIOD TO AT LEAST THE END OF THE FISCAL YEAR,
25 BUY US A LITTLE MORE TIME, INCLUDING A PRESENTATION



1 FROM PERMIT STAFF ON THE STATUS OF ANY DISCUSSIONS
2 WE'VE HAD WITH MR. KIRKLAND RELATIVE TO ADJUSTMENTS TO
3 FINANCIAL ASSURANCE MECHANISMS, AND THEN PERHAPS EVEN
4 OUR OWN RECOMMENDATIONS ABOUT HOW WE CAN PROCEED ON
5 PERHAPS, AS YOU SAID, CONTINUATION OF THIS REMEDIATION
6 UTILIZING PERHAPS BOTH EFFORTS, THE CLOSURE
7 CONTRIBUTIONS FROM MR. KIRKLAND AS WELL AS ANY
8 ADDITIONAL DOLLARS THAT WE MIGHT SEE APPROPRIATE TO
9 PROVIDE.
10 I MEAN I WOULD LIKE TO HAVE SOME TIME TO
11 SCOPE THE ITEM OUT, BUT I WOULD RECOMMEND THAT WE TAKE
12 A SHOT AT TRYING TO COME BACK TO THE MARCH 25TH BOARD
13 HERE TO BEGIN TO GET SOME DIRECTION AND PERHAPS BE
14 CLEAR WITH SOME RECOMMENDATIONS THAT WE COULD OFFER
15 THAT THE BOARD ENTERTAIN AT THAT TIME.
16 CHAIRMAN PENNINGTON: WHEN IS THE NEXT P&E
17 MEETING?
18 MS. TOBIAS: MARCH 19TH.
19 MR. CHANDLER: MARCH 19TH. WE COULD CERTAINLY
20 PROVIDE YOU AN UPDATE ON HOW WE'RE DOING ON GETTING THE
21 ITEM DRAFTED AT THAT POINT AND WHAT OUR SCOPE IS.
22 OBVIOUSLY I'LL BE WORKING WITH YOUR OFFICES
23 INDIVIDUALLY JUST GIVING YOU A STATUS REPORT ON WHERE
24 WE ARE, BUT I KNOW MR. CHESBRO'S COMMENT EARLIER, HE
25 WANTS TO HOLD TO TRADITION AND NOT SEE THINGS COME



1 DIRECTLY TO THE BOARD, SO WE'LL PROVIDE AN UPDATE AS WE
2 CAN WITH THE MARCH 19TH DATE
3 MS. RICE: ONE ISSUE I'D JUST LIKE TO ADD, NOT
4 OUT OF RESISTANCE, BUT JUST FOR INFORMATION. WE
5 CURRENTLY HAVE TWO TIRE FUND ALLOCATION ITEMS SCHEDULED
6 FOR APRIL. I BELIEVE ONE IS REALLOCATION OF CURRENT
7 YEAR FUNDS THAT ARE UNSPENT. THE NEXT IS THE NEXT
8 YEAR. SO I WILL HAVE TO WORK WITH CAREN TO SEE CAN WE
9 BE PREPARED TO HAVE GOOD NUMBERS ON CURRENT YEAR
10 REMAINING MONEY FOR YOU BY THE MARCH MEETING. AND I
11 KNOW WE'LL DO OUR BEST, BUT WE HAD BEEN ON A SCHEDULE
12 TO BRING BOTH ITEMS TO YOU TO LOOK AT IN APRIL
13 CHAIRMAN PENNINGTON: OKAY. LET'S MOVE AS
14 QUICKLY AS WE CAN, AS QUICKLY AS LEGALLY POSSIBLE.
15 THAT CONCLUDES THAT. I JUST WANT TO SAY WELCOME TO THE
16 WORLD OF TIRES. AND I BELIEVE YOU --.
17 BOARD MEMBER EATON: THANK YOU, MR. CHAIRMAN
18 THESE WERE MEANT AS INTRODUCTORY REMARKS, BUT OLD
19 HABITS DIE HARD. I'M SURE MR. FRAZEE CAN UNDERSTAND
20 WHY I CHOSE TO GO AT THE END OF THE MEETING AS THE
21 BEGINNING. WE USED TO CALL IT SPEAKING ON CONDITION OF
22 THE FILE
23 BUT FIRST AND FOREMOST, I'D LIKE TO THANK
24 EACH OF MY COLLEAGUES HERE ON THE BOARD FOR YOUR WORDS
25 OF WELCOME AND ADVICE BOTH PUBLICLY AND PRIVATELY



1 LEADING UP TO TODAY'S MEETING AND FOR YOUR COURTESY AND
2 COOPERATION WITH REGARD TO MY TRANSITION. I THINK IT
3 WAS AN EXTRAORDINARY EFFORT ON BEHALF OF ALSO THE BOARD
4 STAFF IN GETTING ME UP TO SPEED TODAY ON SOME OF THESE
5 ITEMS, AND IN PARTICULAR THE CHAIRMAN, WHO TRIED TO
6 CRAFT AND SCULPT WHAT WAS CHARACTERIZED AS A SHORT
7 BOARD MEETING AND SOMEWHAT NONCONTROVERSIAL. I DO
8 APPRECIATE YOUR EFFORTS. I KNOW YOU TRIED VERY HARD TO
9 ALLOW ME TO GET INITIATED WITH AS LEAST AMOUNT OF
10 PROBLEMS AS POSSIBLE, AND I DO APPRECIATE IT.
11 IN PARTICULAR, I'D LIKE TO THANK MY
12 STAFF, ARNIE SOWELL, PIPER, TABETHA, WHO'S OUT IN THE
AUDIENCE, AND IN ABSENTIA TIMMIE PETSALLES FOR THEIR
14 ADVICE OVER THE LAST COUPLE OF DAYS IN HELPING ME GET
15 UP TO SPEED, AS WELL AS MY PREDECESSORS WHO GAVE ME
16 SOME GREAT ADVICE IN TERMS OF THE TYPE OF STAFF THAT WE
17 HAVE HERE, AND I LOOK FORWARD TO WORKING WITH EACH AND
18 EVERY ONE OF YOU.
19 I KNOW THAT THE CHALLENGE THAT WE FACE
20 OVER THE NEXT COUPLE OF YEARS IS AN ENORMOUS ONE, AND
21 THAT BEING THE 50-PERCENT MANDATE, AND EVERY DAY IT
22 LOOMS A LITTLE BIT CLOSER. BUT AS ONE WHO WAS INVOLVED
23 IN CRAFTING AND RE-CRAFTING, ALTHOUGH SOME MAY SAY
24 REDEFINING AND I'D SAY REFINING, AB 939, I HAVE WATCHED
25 HOW THIS BOARD HAS EVOLVED AND TRIED TO IMPLEMENT WHAT



1 GARBAGE, THAT WHAT I AM ENCOURAGED BY TODAY'S COMMENTS
2 ARE THE FACT THAT WE ARE TRYING TO GET AHEAD OF THE
3 CURVE. THIS BOARD WAS NEVER ABLE TO GET AHEAD OF THE
4 CURVE INITIALLY, NOR COULD IT. NEW AGENCY IS NOT GIVEN
5 THAT OPPORTUNITY, ALTHOUGH IN MY FORMER EMPLOYMENT WE
6 THINK THAT THEY SHOULD HAVE IMMEDIATELY, BUT I THINK
7 THAT THE DISCUSSION THAT TOOK PLACE TODAY OF GETTING
8 OUT AHEAD OF THE CURVE ON CERTAIN ISSUES IS PLEASING TO
9 ME AND WELL DESERVED FROM THE STANDPOINT OF THE
10 PUBLIC'S INTEREST.
11 I THINK, AS WELL, AND I WILL SAY NO MORE
12 WITH REGARD TO MY OWN PHILOSOPHY YET, THAT I BELIEVE
13 THAT IN THE YEAR 2000, THE MANDATE UNDER AB 939 DOESN'T
14 JUST CEASE TO EXIST. WE HAVE TO BEGIN THAT DIALOGUE AS
15 WELL AS TO WHAT TAKES PLACE BEYOND 2000. WASTE DOES
16 NOT GO AWAY; GARBAGE DOES NOT GO AWAY. AND SO,
17 THEREFORE, WE NEED TO THINK IN THOSE TERMS AS WELL, AND
18 I LOOK FORWARD TO HAVING THAT DISCUSSION AND WILL TRY
19 AND KEEP PUSHING ON THAT. AND I'LL KEEP IT SHORT
20 BECAUSE IT'S A LONG MEETING, BUT NOT LONG ENOUGH FOR
21 SOME, RIGHT.
22 BOARD MEMBER CHESBRO: YOU AIN'T SEEN NOTHING
23 YET.
24 BOARD MEMBER EATON: THANK YOU VERY, VERY
25 MUCH.



1 CHAIRMAN PENNINGTON: THANK YOU. NEXT IS OUR
2 OPEN DISCUSSION FOR ANY ITEM THAT SOMEBODY WISHES TO
3 DISCUSS THAT'S NOT ON THE AGENDA. I DON'T HEAR
4 ANYBODY, SO WE WILL RECESS UNTIL 2 O'CLOCK, AT WHICH
5 TIME WE'LL GO INTO A CLOSED SESSION TO DISCUSS
6 PERSONNEL AND LEGAL ACTIONS, AFTER WHICH WE WILL
7 ADJOURN.

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9 (THE MEETING WAS THEN ADJOURNED AT 12:50
10 P.M.)

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Reporter's Certificate

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I, Beth C. Drain hereby certify:

that on the 25th day of
March, 1998, I did report in
shorthand the testimony of the foregoing
proceedings;

that on the conclusion of the above entitled
matter, I did transcribe my shorthand notes into
typewriting;

that the foregoing transcript is a true and correct
record of my shorthand notes thereof.

Beth C. Drain

Certified Shorthand Reporter
Certificate No. 7152

